



ATTACHMENT 10.001 PORTFOLIO AND INVESTMENT GOVERNANCE PRACTICE

ATCO PLAN 2025-29

EIM # 110576316

PUBLIC

ISSUE DATE

01/09/2023



PORTFOLIO AND INVESTMENT GOVERNANCE PRACTICE

GAS DIVISION

Document No: AGA-REG-PC01
Revision No: 0
Issue Date: 08/08/2023

Contents

| | | |
|-----------|--|-----------|
| 1. | PORTFOLIO AND INVESTMENT GOVERNANCE PRACTICE | 4 |
| 1.1 | PURPOSE | 4 |
| 1.2 | DEFINING 'INVESTMENT GOVERNANCE' | 4 |
| 1.3 | DEFINING PORTFOLIO GOVERNANCE..... | 4 |
| 1.4 | SCOPE OF INVESTMENT GOVERNANCE PRACTICES | 4 |
| 1.5 | INVESTMENT GOVERNANCE IN CONTEXT | 4 |
| 1.6 | STRUCTURE OF THIS DOCUMENT | 5 |
| 2. | ANNUAL PLANNING PROCESS | 6 |
| 2.1 | INTRODUCTION..... | 6 |
| 2.2 | CORPORATE STRATEGY AND BUSINESS PLANNING | 7 |
| 2.3 | UPDATING THE ASSET MANAGEMENT PLAN AND ASSET LIFECYCLE STRATEGIES..... | 7 |
| 2.4 | CONSTRUCTION, PRIORITISATION AND GOVERNANCE OF THE INVESTMENT PORTFOLIO..... | 8 |
| 2.4.1 | Portfolio Construction | 8 |
| 2.4.2 | Portfolio Prioritisation | 9 |
| 2.4.3 | Portfolio governance | 9 |
| 2.5 | PROGRAM AND PROJECT DELIVERY..... | 9 |
| 3. | ACCESS ARRANGEMENT PROCESS..... | 10 |
| 3.1 | WHAT IS AN ACCESS ARRANGEMENT?..... | 10 |
| 3.2 | HOW DOES ATCO MEET INVESTMENT REQUIREMENTS?..... | 10 |
| 4. | INVESTMENT GOVERNANCE COMPONENTS..... | 10 |
| 4.1 | INTRODUCTION..... | 10 |
| 4.2 | INVESTMENT GOVERNANCE COMPONENTS | 11 |
| 4.3 | POLICIES AND RELEVANT STANDARDS | 11 |
| 4.3.1 | Guiding principles for investments | 11 |
| 4.3.2 | Asset Management Practice | 12 |
| 4.3.3 | Project Management Practice..... | 12 |
| 4.3.4 | Procurement Procedure | 12 |
| 4.3.5 | Risk Management Framework..... | 13 |
| 4.3.6 | Other controls and standards..... | 13 |
| 4.4 | ROLES AND RESPONSIBILITIES..... | 13 |
| 4.4.1 | The ATCO Board..... | 14 |
| 4.4.2 | Leadership Team..... | 15 |
| 4.4.3 | Portfolio Governance Committee | 15 |
| 4.4.4 | Steering Committees | 15 |

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4.4.5 Sponsors..... 16

4.4.6 Project Managers..... 16

4.5 SYSTEMS AND PROCESSES (PROJECT GOVERNANCE) 16

4.5.1 Project Management Manual (PMM)..... 16

4.5.2 Business cases 18

4.5.3 Financial Approvals (internal controls) 19

4.5.4 Project governance (Systems and Processes)..... 20

5. DOCUMENT APPROVAL 22

6. DOCUMENT HISTORY..... 22

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Document No: AGA-REG-PC01

Revision No: 0

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1. PORTFOLIO AND INVESTMENT GOVERNANCE PRACTICE

1.1 Purpose

ATCO has an established corporate governance framework that applies to its various businesses and operations. This covers a wide-range of topics including, but not limited to, code of ethics, disclosure, privacy, safety, environment, finance and human resources. Investment governance (or portfolio governance) is a sub-set of the overall corporate governance framework.

This document outlines the key elements of ATCO's investment governance practices. ATCO believes that sound investment governance practices lead to investment outcomes that are in the long-term interests of consumers, shareholders and the community. Investment governance provides the framework to review, evaluate, and approve investments.

1.2 Defining 'investment governance'

ATCO's investment governance practices include systems, structures, policies, processes and resources employed to address ATCO's investment responsibilities and ensure alignment between ATCO's corporate strategy, objectives and its investments. An investment is a cost incurred in the pursuit of corporate objectives, which results in a future economic benefit. Investment governance is about ensuring that ATCO's investments create value, are prudent and efficient, and consistent with accepted good industry practice.

1.3 Defining Portfolio Governance

Portfolio governance focuses on the day-to-day management and oversight of specific investment portfolios. It involves implementing the investment strategy established by the investment governance framework. Portfolio governance includes activities such as portfolio construction, asset selection, risk monitoring, performance measurement, and rebalancing. It aims to ensure that the portfolio is effectively managed in accordance with the investment guidelines, risk parameters, and performance targets set by the investment governance structure.

1.4 Scope of investment governance practices

ATCO's investment governance practices cover all ATCO employees, officers, and directors regardless of location or position and all ATCO contractors who are performing duties on behalf of ATCO. They also apply to all of ATCO's expenditure (capex and opex).

1.5 Investment governance in context

To ensure ATCO meets the prudence requirements of regulators and shareholders, investments are managed at a portfolio, program, and project level. ATCO's investment governance practices ensure programs and projects prioritise:

1. The safety of the network, employees and the community.
2. Prudent and efficient investment and asset management decisions.
3. Consistency with accepted good industry practice.

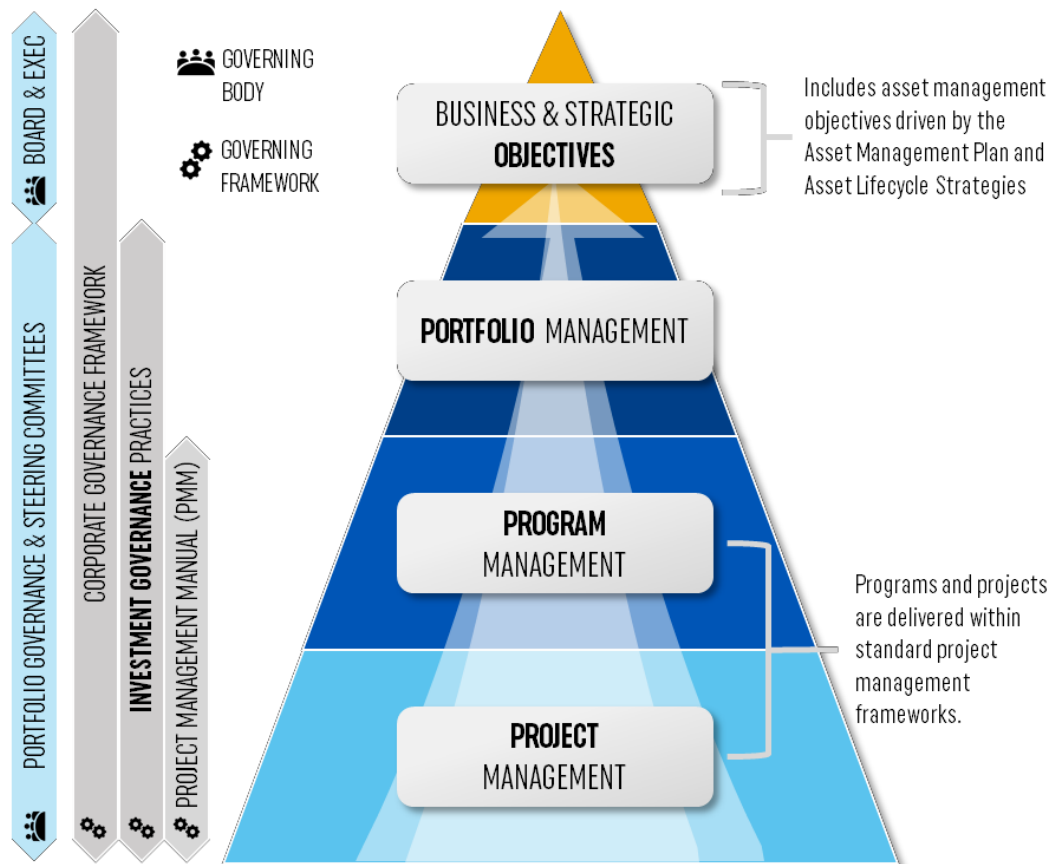
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ATCO's investment governance practices ensure that investment activities continue to reflect the strategic reasons for the original decisions to approve, fund and resource projects. The project governance bodies are structured to recognise and manage the risks of not achieving the project's desired outcomes, while also mitigating the impact of project failure where necessary.

The gated process set out in ATCO's project management manual¹ (PMM) (refer to section 4.5.1) is an important part of the business's investment governance practices and outlines the structured way in which investments are justified, approved and delivered. The design of the PMM ensures controls are in place that provide assurance that investments deliver their intended outcomes.

Figure 1 outlines the hierarchy between ATCO's strategic objectives, its respective governance frameworks and practices, and its project delivery. The investment governance practices ensure that project selection, approval and implementation leads to prudent and efficient investments.

Figure 1: Investment governance hierarchy



1.6 Structure of this document

This document provides an overview of the:

- Annual planning process.
- Investment and Portfolio governance components.

¹ AGA-A&C-MA04 Project Management Manual [EIM:85733808](#)

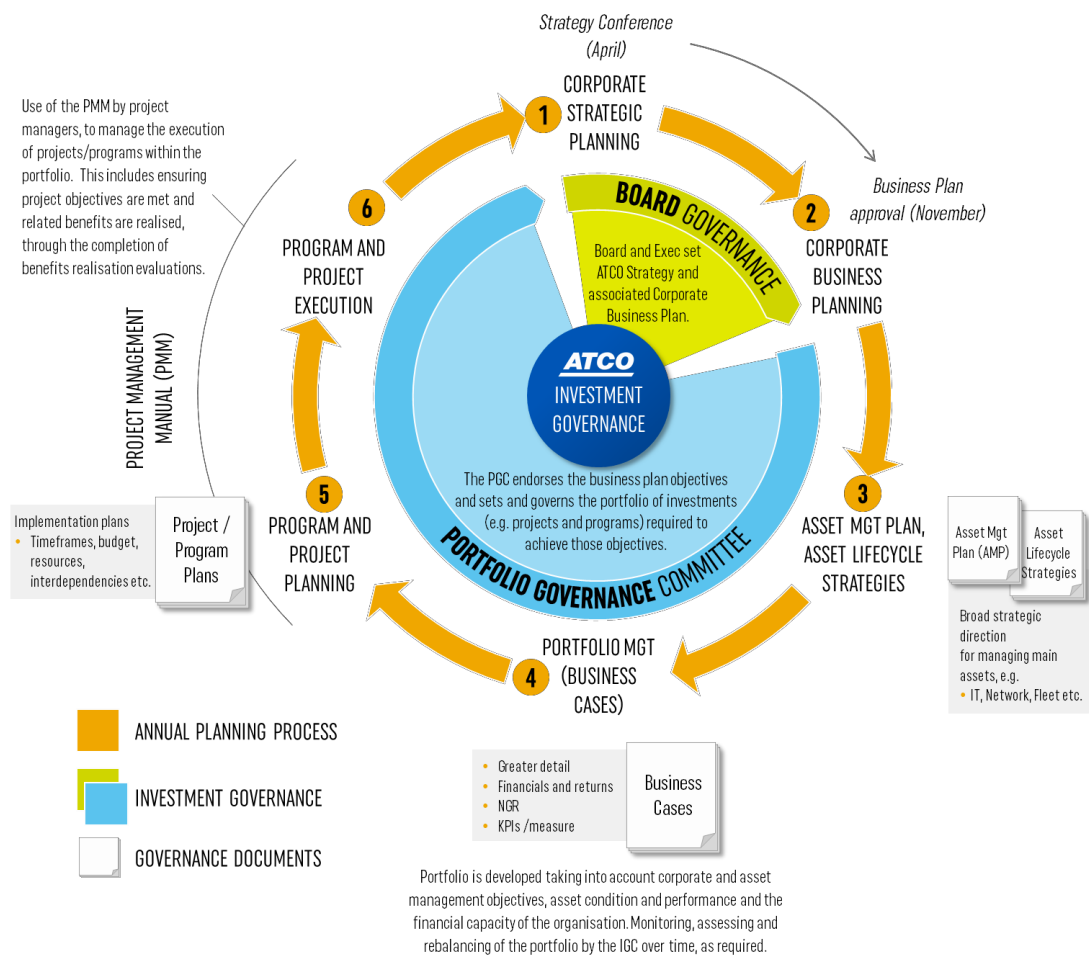
2. ANNUAL PLANNING PROCESS

2.1 Introduction

Figure 2 outlines ATCO’s annual planning process, which includes:

- Setting/updating the corporate strategy, business plan and objectives.
- Updating the Asset Management Plan (AMP) and Asset Lifecycle Strategies (ALSs).
- Construction of the investment portfolio (projects and programs) to achieve the business plan objectives, within the context of the asset management plans and strategies.
- Governance of the portfolio by the Portfolio Governance Committee (PGC) and of individual investments by steering committees and sponsors.
- Monitoring, assessing and rebalancing of the portfolio by the PGC over time, as required.
- Use of the PMM by project managers to manage the execution of projects/programs within the portfolio. This structured approach ensures achievement of project objectives and the realisation of related benefits.

Figure 2: Annual planning process



The following sections describe the annual planning process in more detail.

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2.2 Corporate strategy and business planning

In April each year, the ATCO Group of companies holds a Strategy Conference, which is attended by key Leadership Team members (e.g., CEO and CFO) from each Global Business Unit (GBU)/geographical region. As an input to the conference, each GBU updates its strategy based on the most recently available information relevant to its operating environment.

Following robust discussion at the conference by ATCO's global leadership, strategic goals are set for each of the GBUs and are detailed in the corporate Strategic Plan.

Another important activity is the annual approval of the Business Plan. The Business Plan is the primary annual operational and financial planning document for ATCO. It describes what services and projects ATCO plans to deliver in the respective financial year and how the capital is to be allocated.

The Business Plan is developed in the context of delivering ATCO's long-term strategic direction set out in the corporate Strategic Plan. In support of the annual Business Plan, business cases, and capital expenditure appropriation requests are produced to detail the justification for investments.

ATCO's Business Plan is the organisation's way of ensuring that the business activities to deliver the strategic goals are documented, monitored and ultimately implemented. The Business Plan has a *rolling* 3-year focus, with detailed action plan developed for the first 12-months of the period. The Business Plan also contains 10-year forecasts and trends for certain important metrics. The Business Plan is then executed through the delivery of programs, projects and other initiatives.

The Business Plan is updated each year from April to October; incorporating a review of the current Business Plan (alignment and performance), updating the plan as appropriate and extending it out by an additional year. As part of the update, the following information is considered:

- The changing market environment, including regulatory requirements, safety requirements, technology trends, consumer preferences and demand etc.
- Recent business performance and updated forecast performance.
- The current Access Arrangement commitments.

In October, the Business Plan is presented to the ATCO Australia Board for endorsement and approval to submit to the parent ATCO Board in Canada. The Australian Board review ensures 'sufficient local mind and management' as part of the development of the Business Plan. The ATCO Board in Canada ultimately review and approve the Business Plan at their November meeting.

2.3 Updating the Asset Management Plan and Asset Lifecycle Strategies

A major focus and input to asset management objectives are the corporate objectives and goals relayed to each GBU (following the aforementioned Strategy Conference). These objectives are assessed and the asset management objectives are updated to ensure line of sight is achievable from top to bottom at all levels of the company (i.e. ensuring corporate objectives link to asset management objectives and asset performance). As such, the AMP and ALS are updated annually

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following the Strategy Conference in April, in parallel with the updating and approval of the Business Plan in November.

The Strategic Asset Management Plan² (SAMP); Asset Management Plan³ (AMP); and Asset Lifecycle Strategies (ALS) are important parts of ATCO's asset management system, which itself is a requirement of ATCO's gas distribution system (GDS) license. A high-level description of their purpose is:

- **AMP:** to outline ATCO's long-term strategy for managing the GDS. It describes the asset management processes and explains how these will help ATCO to achieve its asset management objectives and meet stakeholder expectations, for a rolling 10-year period.
- **ALS:** to outline objectives and strategic approaches specific to the management of individual asset classes throughout their lifecycles.

ATCO has an ALS for each of the following nine asset classes:

- AGA-S&P-ST14 Asset Lifecycle Strategy - High Pressure Pipelines [EIM:106461793](#)
- AGA-S&P-ST08 Asset Lifecycle Strategy - Pipelines Mains and Services [EIM:85323795](#)
- AGA-S&P-ST09 Asset Lifecycle Strategy - Pressure Regulating Facilities [EIM:97887012](#)
- AGA-S&P-ST07 Asset Lifecycle Strategy - Metering Facilities [EIM:96589396](#)
- AGA-S&P-ST06 Asset Lifecycle Strategy - Corrosion Protection Systems [EIM:96627915](#)
- AGA-S&P-ST10 Asset Lifecycle Strategy - Supervisory Control & Data Acquisition (SCADA) [EIM:97892930](#)
- AGA-S&P-ST11 Asset Lifecycle Strategy – Fleet [EIM:97955578](#)
- AGA-S&P-ST12 Plant, Property and Equipment (PPE) - [EIM:97906581](#)
- AGA-IT-PL01 Information Technology Strategic Plan (2025 To 2029) - [EIM:111944117](#)

2.4 Construction, prioritisation and governance of the investment portfolio

2.4.1 Portfolio Construction

Once the corporate strategy and objectives, and the asset management strategy and objectives have been set, ATCO is able to develop an investment portfolio comprised of programs and projects. The successful delivery of these projects will allow ATCO to achieve its corporate and asset objectives. Stakeholder expectations and feedback are an important input to ATCO's investment planning and the efficacy of planned investments is tested with a wide range of customers and stakeholders.

ATCO has an ongoing accountability to ensure the safe, reliable, affordable and sustainable operation of its assets and network. The network and associated assets are monitored through various means, including the tracking of key performance indicator data. The evaluation of asset and network performance and condition compared to the standards and corporate objectives of

² AGA-S&P-PL01 Strategic Asset Management Plan [EIM:100507418](#)

³ AGA-S&P-PL02 Asset Management Plan - Coastal [EIM:84688655](#)

the company, allows programs and projects to be developed and approved that will mitigate any risk that is evaluated and deemed unacceptable.

To support the construction of the most appropriate portfolio of projects, ATCO updates its Strategic Delivery and Resource Plan (SDRP⁴). The SDRP outlines the delivery approaches and resources required to successfully deliver the planned portfolio of work. This includes the required internal and contract personnel and procurement of other resources.

ATCO also updates its detailed Workforce Plan, which feeds into the SDRP. The Workforce Plan outlines the internal personnel required to successfully deliver planned activities, including those relating to the investment portfolio. The Workforce Plan is revised to accommodate any changes in the programs of work or asset plans.

2.4.2 Portfolio Prioritisation

An important activity performed by the PGC is to ensure appropriate prioritisation of the planned portfolio of works. Works are prioritised by considering a range of constraints, including deliverability, forecast resources (including financial), and logistics. In addition, the following criteria guide the ranking of each project that determines project execution priority:

- Safety risk mitigation – in some circumstances these projects may be unbudgeted and completed with reprioritised, budgeted funds.
- All corrective action requests issued by Building and Energy will be completed as soon as reasonably practicable.
- Degree of support for the asset management objectives.
- Existing approved projects in the works program.
- Estimated levels of risk mitigation, including outputs from asset investment planning software.
- Financial metrics such as relative net present value and payback periods.

Performance monitoring can also identify unforeseen or unplanned conditions or failures, requiring ATCO to reassess and reprioritise the portfolio of programs and projects. Portfolio adjustments are approved by the PGC.

2.4.3 Portfolio governance

The updated investment portfolio is approved by the PGC every 12 months; they ensure it aligns to the corporate and asset strategy and objectives, and reflects asset condition and performance.

The PGC also has an ongoing role to ensure appropriate governance continues to be in place as projects are delivered. For further details in relation to governance roles and responsibilities, including the PGC, see section 4.4.3.

2.5 Program and project delivery

Project delivery is guided by the ATCO PMM and other tools, including the Enterprise Resource Planning (ERP) system. See section 4.5.1 for further details.

⁴ Strategic Delivery and Resource Plan (SDRP) – EIM# [97094292](#)

3. ACCESS ARRANGEMENT PROCESS

ATCO owns and operates the mid-west and south-west gas distribution system (MWSWGDS) and this access to this system is regulated under an Access Arrangement (AA). The independent regulator responsible for regulation is the Economic Regulation Authority (ERA) who is “responsible for assessing the proposed access arrangement against the legislative requirements set out in the National Gas Law (NGL)⁵ and National Gas Rules (NGR)⁶ and approving a compliant access arrangement”⁷.

3.1 What is an Access Arrangement?

An Access Arrangement sets out the terms and conditions about access to Pipeline Services that ATCO provide or intends to provide by means of the MWSWGDS. The MWSWGDS is a Covered Pipeline under the NGL. The NGL sets out the framework for regulation and the NGR provides the different components and associated rules to ensure ATCO comply with relevant legislation.

The NGR provides a framework for conforming capital and operational expenditure and what components investments are justified as conforming capital and operational expenditure. The criteria for conforming capital expenditure is outline in NGR Rule 79 and NGR Rule 91 for operating expenditure.

3.2 How does ATCO meet investment requirements?

ATCO conform to a five-yearly cycle for reviewing the AA. As part of this review, ATCO propose an investment forecast over the relevant AA period detailing the programs and projects that will endeavour to improve the safety, reliability, affordability and sustainability of the GDS. The ERA approve a level of investment that makes up a component of the regulated Tariff base.

ATCO apply Portfolio Governance practices over the period of the AA to ensure that investment decisions are prudent, efficient and justifiable under the relevant expenditure tests in the NGR. The actual investments over the period of the AA will most likely be different to the proposed forecast, however Section 4 provides the framework and processes for investment governance to ensure the investment decisions made in response to the changing environment are prudent and efficient.

4. INVESTMENT GOVERNANCE COMPONENTS

4.1 Introduction

This section provides an overview of ATCO’s investment governance components, which together form the principle mechanism for allocating, managing, and monitoring investments in support of corporate priorities. Investment governance forms part of ATCO's broader corporate governance framework, and provides the methods to review, evaluate, and approve investments.

⁵ The National Gas Access (WA) Act 2009 (WA) adopts a modified version of the NGL known as the WA Gas Law. The full text of the current WA Gas Law is set out in a Note to the National Gas Access (WA) Act 2009 (WA). Available at: https://www.legislation.wa.gov.au/legislation/statutes.nsf/law_a146714.html

⁶ Australian Energy Market Commission (AEMC), National Gas Rules, Available at: <https://www.aemc.gov.au/regulation/energy-rules/national-gas-rules/current>

⁷ Gas Access Arrangement Guideline (2022). Economic Regulatory Authority (ERA), available at: <https://www.erawa.com.au/gas/gas-access/guidelines/gas-access-arrangement-guideline>

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Investment governance is a suite of systems, structures, policies, processes, and resources employed to address ATCO's investment responsibilities and ensure alignment between ATCO's corporate strategy, objectives, and its investments.

4.2 Investment governance components

Important components and guiding principles of investment governance at ATCO include:

- **Policies and relevant standards**
 - AGA-S&P-PC01 Asset Management Practice [EIM:84574556](#)
 - AA-IT-PC11 IT Asset Management Practice [EIM:105863237](#)
 - AGA-A&C-PC01 Project Management Practice [EIM:88242163](#)
 - AA-SC-PR01 Procurement Procedure [EIM:96807571](#)
 - AA-GRC-PL05 Risk Management Framework [EIM:96376528](#)
 - AGA-FIN-PC02 Capital Contributions Practice [EIM:85340786](#)
 - AA-FIN-PC01 Delegation of Authority Practice [EIM:98744221](#)
- **Roles and responsibilities**
 - Clearly defined roles and responsibilities, including those of governance bodies such as the Portfolio Governance Committee (PGC) which are outlined in its charter.⁸
- **Systems and processes**
 - The investment management process including controls, regular monitoring and reporting, the Project Management Manual (PMM) and the stage gate approval requirements.
 - Business case development⁹ – transparency over the drivers for individual investments (projects/programs), options for achieving the desired outcomes and related information such as cost estimates, captured in a standardised document.
 - Enterprise resource planning (ERP) system (SAP) – SAP enables the business to monitor, maintain and replace assets prudently and efficiently. It allows ATCO to identify and justify necessary investment and to analyse and manage its risk profile and forecast expenditure. For more information, refer to the IT Strategy Plan.

The sections below provide a summary of the purpose of the investment governance components.

4.3 Policies and relevant standards

4.3.1 Guiding principles for investments

- ATCO has set guiding principles for its investments. All investments must: Ensure the safety of the network, employees and the community.
- Align to business strategy and objectives.

⁸ Portfolio Governance Committee Charter – EIM# [90880015](#)

⁹ Completing a Business Case – EIM# [109065504](#)

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- Comply with legislation and regulatory obligations.
- Be within corporate risk appetite.
- Deliver value for money.
- Be prioritised against other opportunities.
- Have a clear, documented justification.
- Be delivered in a controlled manner.
- Have clear accountability of outcomes.
- Have their returns independently evaluated.

4.3.2 Asset Management Practice

This policy outlines ATCO's position in relation to asset management, including commitments, strategic objectives and related activities. The summary commitment outlined in the policy is that ATCO is "committed to realising the full potential of its infrastructure by managing its assets in a safe, reliable and sustainable manner, for the long term".

The policy states that, in meeting the outlined asset management objectives ATCO will, amongst other things: conduct formal safety assessments; implement risk management practices; and monitor and measure the performance and condition of assets and the Asset Management System.

4.3.3 Project Management Practice

This policy outlines ATCO's position in relation to project management, including its key project management objective: to adopt a structured, enterprise-wide approach to project management to achieve business objectives and meet customer requirements, in a safe and reliable manner.

The policy states that, in meeting this objective ATCO will, amongst other things: implement effective, efficient, fit for purpose project management processes aligned with ISO 21500 Guidance on Project Management; apply its project management processes to both network and non-network activities; monitor measure and report on project performance.

4.3.4 Procurement Procedure

This procedure outlines ATCO's:

- Procurement objective.
- Procurement method and principles that should be applied to all procurement activities.
- Procurement thresholds and requirements for quotations.
- Requirements for engaging suppliers, service providers and contractors.
- Stance on where exceptions to this procedure are permissible.
- Requirements with regard to roles and accountabilities in relation to procurement activities.

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4.3.5 Risk Management Framework

The Risk Management Framework provides the necessary foundations and organisational arrangements for managing risk across ATCO. The framework illustrates how risk management is embedded in ATCO, to ensure risks are managed efficiently and effectively. It describes the key principles, elements and processes to guide all employees in effectively managing risk, making it part of the day-to-day decision-making and business practices.

4.3.6 Other controls and standards

As part of approving the Business Plan (see section 4.5.2, the Board provides in principle approval for the capital expenditure outlined therein. However, prior to the actual commencement of any project, a Capital Expenditure Appropriation Request (CEAR) must be completed and approved. The requirements relating to CEARs are outlined in the following policies:

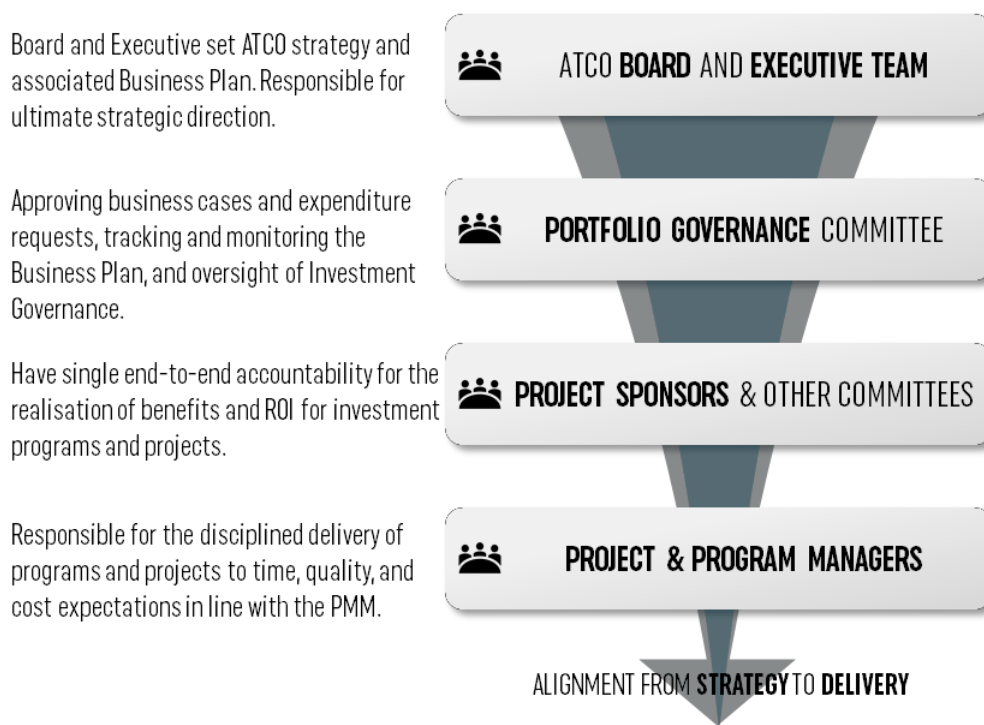
- Capital Contributions Practice
- Delegated Financial Authority Practice
- AGA-FIN-PR01 Financial Evaluation Template [EIM:85194829](#)
- AGA-FIN-PR03 Capital Expenditure Appropriation Request [EIM:85223993](#)

4.4 Roles and Responsibilities

This section provides a summary of ATCO's governance structure, and the roles and responsibilities of the organisational bodies within that structure (Figure 3 provides an overview). Each of these bodies applies governance practices that include a:

- Structure, policies, and procedures for decision-making.
- Progress and performance monitoring process.
- Compliance monitoring process.
- Risk identification and risk management process.
- Investment governance bodies at ATCO include:

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Figure 3: ATCO Governance Structure

- The **Board** of ATCO’s Australian Gas Division – sets corporate strategy with the Executive Team and approves the business plan.
- **Leadership Team** – sets corporate strategy and the Business Plan with the Board and is accountable for ensuring day-to-day adherence to governance requirements across the business.
- **Portfolio Governance Committee (PGC)** – endorses the business plan objectives and sets and governs the portfolio of investments (e.g., projects and programs) required to achieve those objectives.
- **Steering Committees** – project governing body, mandatory for all Tier 0 and Tier 1 rated projects (those projects >\$1m in value)¹⁰.
- **Sponsors** – for all individual investments, have single end-to-end accountability for the realisation of benefits and return on investment.
- **Program and Project Managers (PMs)** – responsible for the disciplined management of project delivery in line with ATCO’s Project Management Manual (PMM).
- Further detail on the roles and responsibilities outlined is provided in the following sections.

4.4.1 The ATCO Board

The Board’s role is to optimise the performance of ATCO, including through:

- Overseeing activities, including its control and accountability systems.

¹⁰ For more information in relation to how ATCO classifies projects into tiers, refer to the Project Management Manual (PMM)

- Contributing to the development of, and approving corporate strategy in setting financial strategy and performance objectives and approving operating budgets.
- Monitoring corporate performance and the implementation of strategy and policy.
- Considering and approving major capital expenditure, acquisitions and disposals.

4.4.2 Leadership Team

The Leadership Team (LT) is comprised of the Executive General Manager – Gas Operations and the General Manager of each business function. The LT is responsible for the ATCO (Gas Division) Business Plan and day-to-day operations and the performance of the business. The LT discharges its responsibilities by:

- Establishing and documenting measurable objectives, targets and performance indicators and communicating these to the organisation.
- Communicating to the organisation the importance of meeting customer as well as statutory and regulatory requirements.
- Ensuring the availability of adequate resources to support business operations and investment activities.
- Considering and approving non-major capital expenditure within established delegation of financial authority limits.
- Seeking assurance of compliance to policies, procedures and other requirements by systematic and regular reviews.

4.4.3 Portfolio Governance Committee

As stated in its charter, one of the primary functions of the PGC is to ensure ATCO meets the strategic, corporate, financial and technical performance objectives of its regulated business operations while understanding and managing the associated business risks in accordance with ATCO's risk and asset management practices.

The PGC typically meets on a monthly basis and its core responsibilities include:

- Reviewing and approving business cases and expenditure requests, including providing signed authority for the release of expenditure.
- Tracking and monitoring the annual Business Plan and regulatory period expenditure to ensure an appropriate allocation of investment across projects, programs and functions relating to business operations.
- Oversight of the application of processes, systems and documentation to support investment decisions and sound investment management.

4.4.4 Steering Committees

Project Steering Committees at ATCO typically perform the following functions:

- **Advisory** – to be an advisory group to the project sponsor in matters relating to the project.
- **Alignment** – to ensure alignment of the project to ATCO's strategic objectives.
- **Guidance** – to provide strategic guidance on project and related business issues.

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- **Issue resolution** – address any issue that has major implications for the project.
- **Governance** – provide overall governance to the project, including:
 - Assigning and clarifying accountabilities – ensuring that accountabilities are appropriately assigned and discharged.
 - Monitoring outcomes – ensuring delivery of agreed project outcomes.
 - Project scope – keeping the project scope under control as emergent issues are considered.
 - Targets/milestones – provide support and guidance to help ensure the business delivers against the targets, milestones and objectives outlined in the project management plan and schedule.
 - Benefits – provide support for the project to deliver the expected financial and performance benefits.

4.4.5 Sponsors

The role of a sponsor is to:

- Champion the project and provide leadership and direction to the project manager and team.
- Ensure strategic alignment of the project with other business priorities.
- Manage senior internal and external stakeholders.

4.4.6 Project Managers

The role of a project manager is to:

- Be accountable for successful delivery of the project.
- Lead the project team and management of internal and external stakeholders
- Ensure project governance requirements are met, including in relation to: schedule, budget, risks, issues, dependencies, decisions and actions.
- Provide timely and accurate reporting to the Sponsor and relevant governing bodies, including the project Steering Committee.

4.5 Systems and processes (Project Governance)

4.5.1 Project Management Manual (PMM)

The PMM describes the principles and core activities/deliverables that guide the management of projects to ensure ATCO delivers a safe, reliable, and affordable gas distribution network. The PMM provides a roadmap for project management at ATCO, and uses links to supporting documents, examples and templates.

The PMM is based on widely recognised project management disciplines (see Figure 4). It consolidates the fundamental understanding and practices that project managers require to attain project excellence at ATCO. ATCO is committed to continuously improve how it manages

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projects and the PMM is reviewed and updated as new information is acquired and the business environment changes.

The objectives of the PMM are to:

1. Provide a consistent, user-friendly, and traceable project management process, ensuring that outputs are fit for purpose and meet the requirements of ATCO, customers, and the broader ATCO organisation.
2. Ensure relevant standards, acts, regulations, codes and expectations of the wider community are taken into account and applied in a sound professional manner.
3. Establish requirements / protocols to ensure that changes are only undertaken with full consideration of the potential impacts, and are formally approved prior to implementation.
4. Ensure the project management process is efficient while maintaining high levels of transparency, traceability, governance, accountability, and cost effectiveness.
5. Define the core processes, actions, responsibilities, deliverables, and assurance gates necessary to deliver high quality projects in a safe, timely and cost-effective manner.

Under the PMM, ATCO manages projects according to the principles described within:

- AS ISO 21500 Guidance on Project Management; and
- the Project Management Institute’s Project Management Body of Knowledge (PMBok).

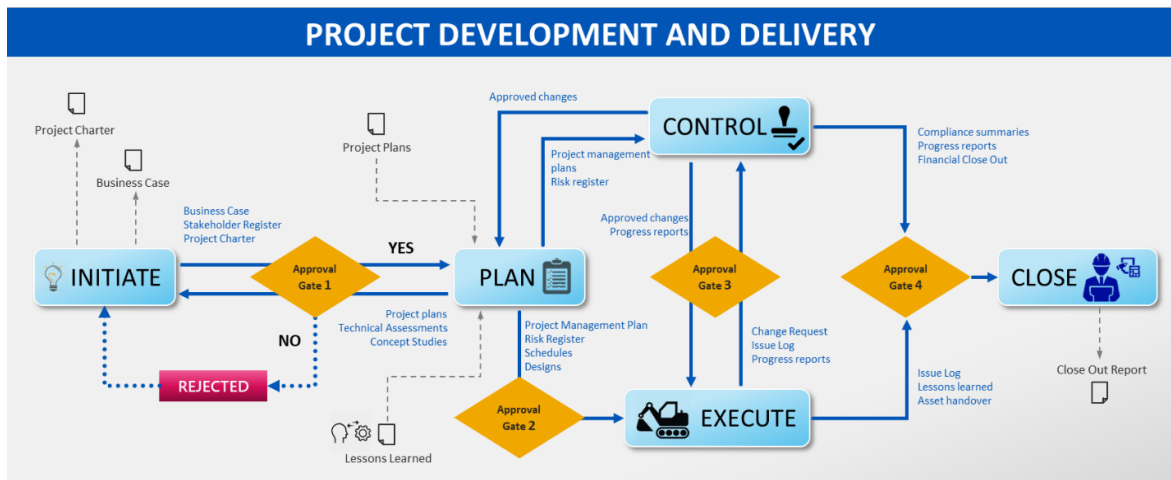
Figure 4: Project management disciplines



These two key standards define four major project ‘phases’ (i.e. Initiation, Planning, Execution, and Closure). All phases apply to every project and are collectively known as the project lifecycle. These standards establish detailed processes/requirements for each phase, and “approval/assurance gates” which apply to every project so that management has the ability to control/authorise progress from one phase to the next. Figure 5 provides an overview of project management at ATCO as an idea is taken from inception to completion.

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Figure 5: Overview of Project Management at ATCO



The key points to note in Figure 5 are:

- The assurance / approval gates between each phase.
- Each phase has key deliverable(s)
- Project governance occurs across all phases (see section 4.5.3).

4.5.2 Business cases

Business cases provide a standardised way of capturing the drivers for individual investments (projects/programs) and options for achieving the desired outcomes including associated benefits, risks and constraints, scope, required resources, budgets and timeframes. At a fundamental level, a business case outlines why ATCO should expend its resources (financial and otherwise) in the pursuit of a particular objective. If eventually approved by the appropriate authority, a business case becomes the mandate for an investment (project/program) and, at a high-level, outlines what the PM is required to deliver for the project sponsor.

Four important activities completed as part of developing a business case are:

- **Needs identification:** capex investments are undertaken in response to a number of drivers, including asset condition, network demand, the need to minimise safety risks and stakeholder requirements.
- **Options analysis:** following identification of a need, consideration is given to the potential solutions to address the underlying driver.
- **Cost Estimation:** based on a high-level scope of each option, an estimate of the associated costs is developed, using a consistent and robust forecasting process.
- **Benefit Realisation:** It is important to identify the benefits of addressing the investment driver as well as the benefits of the recommended solution over other solutions. This benefits analysis shows the due diligence necessary to identify the most appropriate investment for the issue or opportunity.

Two Business Case templates are available according to the size of the project, which is explained in Completing a Business Case procedure.

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- [AGA-A&C-MA04-RT03 - Business Case Template \(Tier 0 to 2\)](#)
- [AGA-A&C-MA04-RT01 - Business Case Template \(Tier 3 to 4\)](#)

4.5.3 Financial Approvals (internal controls)

There are a number of internal controls that apply to investments within ATCO and these are highlighted in the PMM along with a number of financial controls governing releasing of funds, typically on an annual basis.

For capital expenditure, the main control is a Capital Expenditure Appropriation Request (CEAR). This governs the release of capital expenditure in a given time period for a given scope. This applies to projects and non-projects (e.g. fleet) alike and for programs of work is normally raised annually for projected spend.

Further financial controls exist, including Capital Expenditure Requests (CER), in an online format (form) to draw down on already released funds (via above process) to initiate smaller works or projects as approved under a general Business Case. An example of this is the Information Technology (IT) Continuous Improvement program; the Business Case covers a five-year program with individual CEARs releasing funds annually. The online CER process is then used to draw down those funds for improvements to IT infrastructure, software, applications, etc.

4.5.3.1 CEARs

All Capital projects must have a completed ATCO Capital Expenditure Appropriation Request (CEAR) approved in accordance with authorised DFA levels. The CEAR form is available AGA-FIN-PRO3 Capital Expenditure Appropriation Request: [\(EIM:85223993\)](#). CEARs are typically utilised to release funding on an annual basis (if the project or program is greater than 12 months).

The financial authority for creating requisitions, approving payment of invoices, etc., must be in accordance with Company approval limits as determined in the Delegated Financial Authority Framework [\(EIM:99000923\)](#).

All individual customer initiated connection (CIC) (excluding residential) and less than Tier 2 (\$250,000) includes (Tier 3 & Tier 4) with or without Head Works (mains extensions) are covered under a pre-approved CEAR with appropriate forecasting for both Meterset and Head Works amounts on an annual basis.

Governance controls include:

- Completes Business Case
- Annual CEAR for CIC and Head Works
- Approved Financial or Economic analysis for every connection relevant to current process in Capital Contribution procedure [\(EIM:86176417\)](#).

The capital contributions practice [\(EIM:1071831050\)](#) describes ATCO Gas Australia's position on financing capital works projects requested by third parties. The practice sets out the mechanism used to determine whether ATCO Gas Australia can recover the cost of a customer-initiated project, and provides that customers can make a contribution to the investment if the cost of the works cannot be wholly recovered via regulated tariffs.

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4.5.4 Project governance (Systems and Processes)

Project governance (*monitoring and control*) processes (which include governance at both the Corporate and Project Levels) occur in parallel with the 4 project phases to assess project performance. Project activities are reviewed and evaluated to identify potential deficiencies and opportunities for improvement. The frequency and timing of reviews is adapted to the complexity of the project.

Table 1: Overview of primary project governance activities

| GOVERNANCE Activity | Description | Responsibility |
|--------------------------------------|---|--|
| Control project work | The purpose of controlling project work is to complete project activities in an integrated manner. This includes measuring performance, assessing trends and (if necessary) triggering process changes to improve performance. The continuous application of this process provides project stakeholders with a current description of project performance. | Project Manager |
| Project reporting | Project Reports (typically weekly and monthly) are provided to the Project Sponsor and Steering Committee. The detail contained within such reports and frequency depends on the size and complexity of the project and the respective Phase. As the project proceeds major issues are documented in the lessons learned process, rather than waiting until the end of the project. | Project Manager |
| Change control and management | An integrated change control process is used to control changes to the project and to formalise their acceptance or rejection before implementation. Proposed changes are evaluated in terms of benefit, scope, resources, time/schedule, cost, quality, HSSE implications and risk escalation/mitigation in the context of the overall project and business objectives. | Project Manager, with approval necessary (depending on size) by the PGC, Steering Committee and Project Sponsor. |
| Scope control | The purpose of initially robustly defining and subsequently closely controlling scope is to maximise positive and minimise negative project impacts created by proposed or actual scope changes. The control determines the present project scope, comparing it to the approved baseline scope, determining any variance, forecasting scope and efficiently processing any appropriate change requests to avoid negative scope impacts. | Project Manager, with approval necessary (depending on size) by the PGC, Steering Committee and Project Sponsor. |
| Schedule control | Project schedules are regularly reviewed, determining the current schedule, comparing it to the approved baseline schedule and determining any variance (including earned value). This information can be used to forecast completion dates and identify appropriate actions to avoid adverse schedule impacts. | Project Manager, with approval necessary (depending on size) by the PGC, Steering Committee and Project Sponsor. |
| Cost control | Project costs are regularly reviewed, determining the present project cost and comparing it to the baseline costs in the project budget to determine any variance | Project Manager, with approval necessary (depending on size) by |

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| GOVERNANCE Activity | Description | Responsibility |
|---|--|--|
| | (including earned value). This can be used to forecast projected costs at completion and identify appropriate preventive or corrective actions, to avoid adverse cost impacts. | the PGC, Steering Committee and Project Sponsor. |
| Riskmanagement | <p>The purpose of regularly identifying and continually controlling risks is to minimise disruption to the project and avoiding larger issues such as safety and corporate reputation. It is achieved by tracking the identified risks, identifying and analysing new risks, monitoring trigger conditions for contingency plans and reviewing progress on risk treatments while evaluating their effectiveness.</p> <p>Project risks are periodically evaluated throughout the project life cycle, when a new risk arises, or when a milestone is reached.</p> | Project Manager |
| Building and Energy Notification | <p>The Gas Standards (Gas Supply and System Safety) Regulations 2000 – Section 22 Clause (1) and (2) require ATCO to:</p> <ul style="list-style-type: none"> • notify the Director of Energy Safety (Building and Energy) in writing of each “Major Activity” not less than 7 days before it is carried out, or • submit to the Director, not less than 7 days before the beginning of each quarter, a written outline of the major activities that ATCO proposes to carry out in that quarter. <p>“Major Activity” is described in the PMM and relates to the size and related risk rating of the particular asset.</p> | Project Manager |

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5. DOCUMENT APPROVAL

| | Title | Name | Signature | Date |
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6. DOCUMENT HISTORY

| Rev | Date | Amended By | Reason f |
|-----|------------|--------------|---|
| 0 | 08/06/2023 | Kelvin Grace | New controlled document created from existing Access Arrangement Five (AA5) document that was published with submission information in 2018/2019. |

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Document No: AGA-REG-PC01

Revision No: 0

Issue Date: 08/08/2023