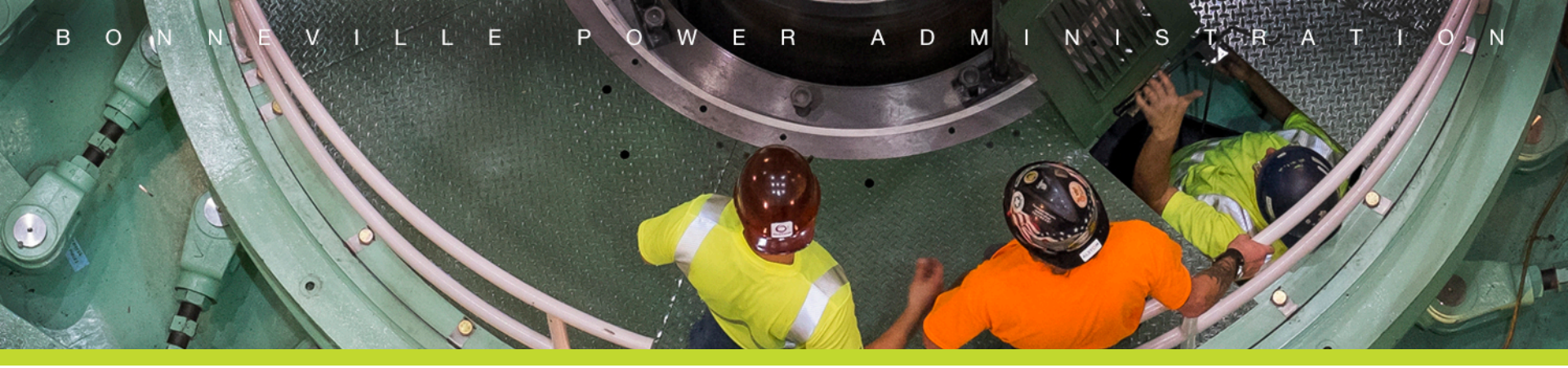

Asset Management Summit

Northwest Hydro Operators Forum
May 16, 2017

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Asset Management Summit

Agenda

- ✓ Summit Objectives
- ✓ Summit Background
- ✓ Primary Themes
- ✓ Moving from discussing best practices to implementing them

Summit Objectives

- ✓ Share executive level perspectives
- ✓ Provide actionable examples
- ✓ Increase regional awareness and knowledge
- ✓ Improve cooperation and coordination

Asset Management Summit Background

Summit Background: The Asset Management Summit was hosted by BPA in Portland on October 20, 2016.

- ✓ **80 executives and SMEs from across the energy industry attended**

The full-day Summit had two panels followed by discussions:

Morning Panel

- **Herbie Johnson**, General Manager, Southern Company
- **Joel Wortley**, Division Manager, Engineering Services Division, Generation Operations, Manitoba Hydro
- **Revis James**, Vice President, Policy Development and Planning, Nuclear Energy Institute
- **Stacey Parrott**, Senior Manager, Electrical & I&C Eng, PWR OPS, Tennessee Valley Authority
- **Richard Griffiths**, Strategic Asset Manager, Meridian Energy Limited

Afternoon Panel

- **Jay Landstrom,** Manager, T&D Asset Management, Portland General Electric
- **Mark Tuggle,** Manager, Fleet Asset Optimization, Tennessee Valley Authority
- **Jeff Cook,** Vice President, Planning and Asset Management, BPA
- **Gordon Ashby,** Public Utilities Specialist, Generation Assets, BPA

Primary Themes

1. **Business Transformation** *Performance Improvement and Measuring Success*
2. **Organizational Structure** *Governance and Staffing*
3. **Investment Strategy** *Long-term Planning, Procurement, and Funding*
4. **Lifecycle Management** *Optimizing Capital, Operations, and Maintenance Activities*
5. **Knowledge Management** *Data, Information Systems and Knowledge Transfer*

1. Business Transformation - What we learned

- ✓ **Leadership and Culture:** Engaged and effective leadership are necessary components
- ✓ **Strategic Objectives:** AM practices must be linked to well-defined strategic objectives. Continuous engagement with staff at all levels reduces misalignment in objectives and reinforces the linkage.
- ✓ **Accountability:** Effective AM organizations have a culture of accountability at all staff levels.
- ✓ **Metrics and Performance Reporting:** Properly defined metrics supports evaluating portfolio options and their risks with a clear line of sight between capital plans, strategic corporate objectives and rates.

2. Organizational Structure – What we learned

- ✓ **AM Organizational Structure and Governance:** Where the AM organization resides and how it is governed has significant implications on visibility, accountability, and authority. Effective AM organizations generally have direct reporting lines to senior management, and have broad representation across the organization.

- ✓ **Roles and Responsibilities:** Establishing clear roles, responsibilities, and authority within your asset management program defines expectations and minimizes overlaps with existing groups.

3. Investment Strategy - What we learned

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- ✓ **Investment and Scenario Planning:**
  - Risk-based and needs-driven portfolio investment planning is a foundational element of an effective AM program.
  - This leads to a clear understanding of the tradeoffs between investment levels, risk, and system performance.
  - Scenario planning enables managing uncertainty around multiple variables and expected outcomes.

- ✓ **Contracting:** Better (and earlier) integration of contracting into investment and work planning helps minimize cost and schedule impacts.

4. Lifecycle Management - What we learned

- ✓ **Maintenance:** Most of an asset life is in the operations and maintenance phase of the lifecycle. Best practice organizations have a lifecycle focus that integrates capital and O&M decisions and activities.

- ✓ **Outage Planning:** Taking outages can have financial impacts from lost generation. Integrating outage scheduling with capital and maintenance activities can help reduce overall lost revenue by coordinating and grouping multiple outage–dependent projects into a single outage window.

- ✓ **Capital Execution and Project Management:** Conducting lessons learned and post project reviews provide a mechanism for continuous improvement of the capital program.

5. Knowledge Management - What we learned

- ✓ **Data:** Many AM programs failed by placing too heavy of an emphasis on collecting comprehensive data. Collecting data should be balanced by the value of the information. How it will be used for decision making, and the cost to collect and maintain the data.

- ✓ **Asset Information:**

Implementing AM best practices

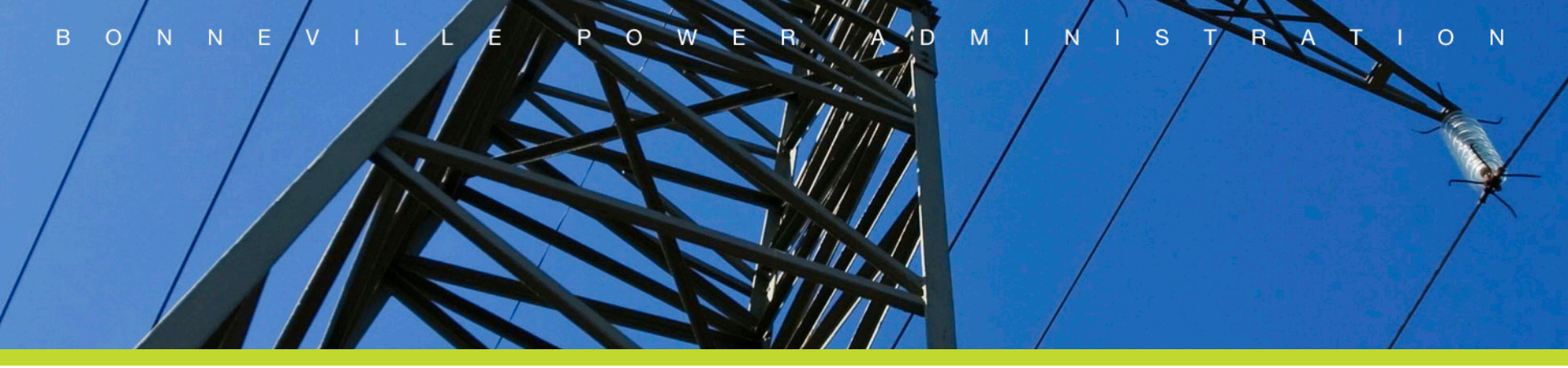
Chief Financial Office Quotation:

"I can assess, forecast, and compare various investment portfolio options and their risks with a clear line of sight between capital plan, strategic corporate objectives and rates."

What we heard….What to do about it

- Business Transformation - Performance Improvement and Measuring Success
- Organizational Structure – Governance and Staffing
- Investment Strategy – Long-term Planning, Procurement, and Funding
- Lifecycle Management – Optimizing Capital, Operations, and Maintenance Activities
- Knowledge Management – Data, Information Systems and Knowledge Transfer

What we heard….What to do about it



Asset Management:
The coordinated actives of and organization to realize value from its assets

Discussion

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