



**ESP UTILITIES GROUP LTD**

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# **ASSET MANAGEMENT POLICY**

| <b>Document Details</b> |                      |                       |               |
|-------------------------|----------------------|-----------------------|---------------|
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| <b>Version history</b> |               |                 |  |                          |
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| <b>Version</b>         | <b>Date</b>   | <b>Author</b>   | <b>Reason for new version</b>                                  | <b>Sections affected</b> |
| 7.2                    | November 2015 | Mick Carr       | Annual Review  | All                      |
| 7.3                    | January 2017  | Vicki Spiers    | Annual Review – reformatting<br>Addition of Last Reviewed Date | All                      |
| 7.4                    | November 2020 | Simon Lees      | General updating. No material change                           | All                      |
| 7.5                    | November 2021 | Michael Erskine | Review and inclusion of ESP Water                              | All                      |
| 7.6                    | November 2022 | Alex Green      | Review and include reference to Environment                    | 1. All – minor amends    |

## 1. Objective

The Asset Management Policy of ESP Utilities Group Limited “ESPUG” has been developed by the Executive Management team to ensure that ESPUG’s asset portfolio is managed in accordance with good engineering practice and general industry requirements. Asset Management in the context of this policy is deemed to include both the acquisition and ongoing management of the asset portfolio by ESPUG.

The Executive Management team therefore expects that all employees will strive to meet the objectives set out in this policy. Our joint goal is to provide the business with safe, reliable and efficient gas, electricity and water (clean and waste) distribution networks for use by our customers (gas Suppliers and Shippers, electricity Suppliers, and water retailers) and our industrial, commercial and domestic end users (consumers).

The Executive Management team recognises that ESPUG is ultimately responsible for the management of its asset portfolio and that successful management contributes to successful business performance. To achieve this aim we are committed to developing our gas, electricity and water businesses so as to reduce or eliminate the losses associated with network failures and incidents, to deliver excellent levels of customer service, to ensure regulatory compliance and minimise environmental impact.

This Asset Management Policy has been produced to enable us to define our Strategic Objectives for managing our asset portfolio in compliance with our Gas Metering Code of Practice “MCoP” and Safety Case obligations for our gas business, ES Pipelines Limited “ESP”, the Safety Case and Distribution Safety Rules of our electricity business ESP Electricity Limited “ESPE” and meeting our water industry regulations for ESP Water Limited “ESPW” as a statutory water undertaker.

The Strategic Objectives that the implementation of this Asset Management Policy shall be required to deliver are:

- Safety & Environment - to ensure that safety and environmental standards are maintained at their current level and wherever possible improved;
- Operational & Regulatory compliance - to ensure that both the acquisition of new assets and the management of key asset groups are in compliance with the license holders’ statutory, regulatory, safety and relevant Codes of Practice and the ESPUG’s Asset Management System;
- Excellent levels of service and reliability to our consumers and customers;
- Reputation - to maintain the ESPUG’s corporate image and standing within our market sectors.
- Commercial - to ensure that the life expectancy of our Asset Portfolio is optimised and that the best ‘value for money’ is thereby attained for our stakeholders;

The delivery of these Strategic Objectives will be achieved by the on-going audit, performance monitoring, review and the continual improvement of our Asset Management Processes.

## 2. Scope

This Asset Management Policy has been produced by the Executive Management team of ESPUG and defines our Strategic Objectives and arrangements for the maintenance of each of the key asset groups for all of the individual gas, electricity and water distribution networks contained within our asset portfolio, which are;

**Gas Assets:**

- our Mains Pipework infrastructure networks;
- our Service Pipework infrastructures;
- our Metering equipment;
- our Pressure Regulating equipment;
- our Remote Monitoring equipment fitted at Pressure Regulating equipment sites.

**Electricity Assets:**

- our Mains Cable infrastructure networks;
- our Service Cable infrastructures;
- our Primary Substation equipment;
- our Distribution Substation equipment;
- our LV Link Box and LV termination equipment

**Water Assets:**

- our Water Mains Pipework infrastructure networks;
- our Wastewater Infrastructure networks;
- our Service Pipework infrastructures;
- our Metering equipment;
- our Sewage Pumping Stations and other associated plant;
- our Detention and Storage Tanks;
- our Sustainable Urban Drainage Systems;

### 3. Responsibilities

ESPUG's Operations Director has responsibility for the development of this Asset Management Policy in support of the regulated businesses and for ensuring that this policy is implemented and regularly reviewed.

The CEO is ultimately responsible for ensuring that all of our employees who are involved with the management of our asset portfolio are aware of this Policy and its requirements. In practice this responsibility is delegated to the Operations Director.

Our employees will be expected to co-operate with the Executive Management team with regard to all aspects of Asset Management associated with our business activities.

### 4. Key Principles

**Asset Acquisition**

It is our policy that with regard to the acquisition of new assets we will outsource the construction of these assets, either indirectly by means of adopting assets designed and built by accredited third parties,

generally Utility Infrastructure Providers “UIPs” for gas assets, Independent Connection Providers “ICPs” for electricity assets, Self Lay Providers “SLPs” for water assets and Developer Ground Workers for wastewater assets under the terms of an Asset Adoption Agreement; or directly by the construction of gas assets designed by ESP and built by third parties employed by ESP under the terms of a bespoke construction contract.

### **Asset Management**

It is our policy that with regard to the management of the key asset groups identified we will endeavour to:-

- ensure that our asset portfolio is managed in such a way as to minimise the risk to our customers, our customers’ end users, our consumers and the general public associated with the failure of any of the key asset groups;
- recognise our obligations to meet relevant legislative requirements appertaining to Asset Management. These requirements will be regarded as minimum standards;
- manage our asset portfolio with the objective of maintaining the uninterrupted distribution of gas, electricity and water to our customers and ‘end users’ (consumers) premises at all times, and where interruption is unavoidable, to minimise its duration and disruption.
- ensure that ESPW meets the required water quality regulations, supplies wholesome water to its consumers, and meet its environmental obligations;
- review this Asset Management Policy at regular intervals to ensure compliance with both new legislation and developments within our business;
- bring the contents of this Asset Management Policy to the attention of all of our employees;
- make the contents of this Asset Management Policy available to its stakeholders as appropriate;
- manage all of our external Service Providers to ensure that that our requirements with regard to Asset Management are met.

## **5. Advice and Assistance**

Advice on the implementation of this policy can be obtained from any member of the Executive Management Team.

## **6. Reporting & Policy Compliance**

Any staff member who has a concern regarding this policy should report it to their Line Manager, or a member of the Executive Management Team.