

ENERGY AND UTILITIES ACCELERATING CHANGE IN 2022

Energy and Utilities organisations will need to accelerate their transformations this year and respond to major pressure points such as:

- Active regulators
- Increasingly demanding customers and investors
- Ageing infrastructure
- Digital deployments, such as smart meters for water customers
- Sustainability investments, and
- Volatility in the cost base.

They will need a broad portfolio of change that has to be managed and controlled to make sure that the returns and benefits are delivered effectively.

We expect 2022 to be a year that is characterised by one of the biggest change and transformational portfolios that has ever been tackled. For example:

Water utilities are under increased pressure to have real line of sight and confidence to deliver to their PR19 commitments. The pace of change required for this is undoubtedly behind where it should be, given the impact of COVID-19 since 2020.

These Utilities are also delivering major infrastructure programmes and more operational programmes combatting leakage and pollution incidents, and raising the level of customer service and supporting customers with their bills.

AMP7 is having an impact, together with the regulator increasing focus on Outcome Delivery Incentives (ODI's) and Customer Experience (C-Mex). Water utilities are rolling out digital operational programmes such as smart-metering, and sustainability to provide resilience for this national resource, manage the network and reduce their own energy consumption and carbon emissions.

Energy companies are challenged by unprecedented volatility in the wholesale marketplace, more fragile supply chains and consumer churn. They are focussing investment programmes on grid upgrades, renewables and micro generation. They will need to accelerate this as energy demand increases across the UK. Nuclear will also be part of this important energy generation supply, focusing on new models in line with the recent nuclear finance bill.

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GETTING CLARITY ON YOUR PORTFOLIO

Leadership teams in these organisations are going to need the clearest line of sight across all of their strategic and tactical investments in 2022, to ensure that decision making, allocation of resources and prioritisation are agile and effective.

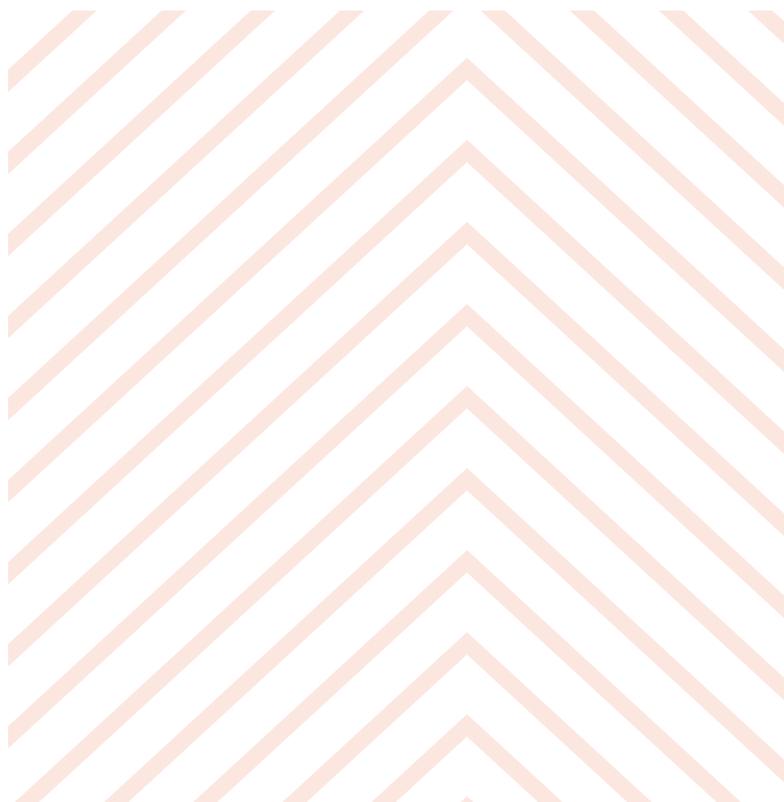
The days of multi-year efficiency and technology programmes being controlled on spend, without a real concentration on the value realised within year, are going to diminish. Shareholders, investors and consumers will demand rapid change, leading to substantially better outcomes across cost and service this year.

PRIORITISE NEW AND CHANGING DEMAND

Prioritisation is not a once and done exercise: there needs to be a frequent cycle of ensuring all your current programmes, right across the organisation, are still relevant and delivering what you expected, whilst balancing these against new ideas and demand coming through. This will require an agreed and **visual prioritisation framework**, and strong decision making from the Executive Team and throughout the organisation.

ENSURE CROSS-FUNCTIONAL DEPENDENCIES ARE MANAGED

Invest time up-front to map out the overall plan AND the **dependencies between your change initiatives**. This requires discipline, hard work and a collaborative approach across your delivery teams. It will also help if you have an overall view of where your business is trying to get to, and how each initiative supports that target.



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DISTRIBUTED AND CONTROLLED PORTFOLIOS

It is vital to get a view across all change portfolios to ensure **one version of the truth** and to ensure that you are using your resources in an optimal manner. Resources are generally the new bottleneck, not funds. Re-organising portfolios to ensure the right level of control is not creating bureaucracy but instead is able to speed up the change, and is vital for any organisation in 2022.

This is not the time for an academic exercise! For a FTSE 50 company, we set up a focussed, board-level end-to-end portfolio view in 35 days. Managing these complex investments and change programmes without fit for purpose portfolio execution is like trying to land planes without air-traffic control.

DO YOU NEED TO IMPROVE YOUR CHANGE PORTFOLIO CONTROL?

At Project One, we recognise that expert transformational assistance is often required. We have experienced change leaders to help you put in place the right level of portfolio control. This often starts with identifying quick wins alongside an assessment of your current landscape. We then design and implement the framework needed to deliver the improved control, optimising this for a period of time with your internal team, whilst building your teams' knowledge and transferring capability.

If you would like to discuss this further, then please contact andrea.stott@projectone.com or jon.griffiths@projectone.com