



A culture of risk awareness assists Delta Electricity in successfully managing the challenges of the competitive wholesale electricity market

Delta Electricity is a leading Australian energy generator

The introduction of the National Electricity Market (NEM) in 1996 brought about competition among electricity generators in Australia's south eastern states. This market fundamentally changed the commercial and business framework for the generation and supply of electricity and introduced a new set of financial and operational risks for electricity generators including Delta.

In the decade following the commencement of the NEM, Delta has proven to be one of the leading generators, supplying approximately 12 per cent of the market's energy requirements. Delta's success has been built around productivity improvement measures, marketing strategies, innovation, cultural change and community partnerships.

With a portfolio of generating assets including coal-fired power stations located west of Lithgow and on the Central Coast of New South Wales, Delta's basis for effective performance is linked to a program of mitigating and managing operational risks.

In the first five years of its operations, Delta's risk management application was a fragmented set of systems requiring resources for its operation, maintenance and reporting.

"Our previous software tool was rigid and hard coded with no functionality to customise screen layouts and formats or integrate with other business systems and work processes. In fact, it operated in a risk management silo."

David Stephenson
Manager, Insurance & Finance
Administration, Delta Electricity

Changes to NEM in 2001 increased the magnitude of possible financial losses associated with failure to meet contract obligations.

While the risk management practices were adequate, Delta needed a new risk management system to further embed risk identification and coordinate escalating and reporting of risks to senior levels of the business.

Delta recognised effective risk management penetrates all corners of an organisation

To take risk management practices to this next level, Delta began looking for a new enterprise-wide platform which would empower employees to take ownership for identifying, assessing and reducing risk.

"To make the risk management process more accessible for our employees, Delta needed a tool which was both simple to use and dynamic."

David Stephenson
Manager, Insurance & Finance
Administration, Delta Electricity

Extensive evaluation ensured Delta chose the right tool

After evaluating four risk management products Delta chose to implement KnowRisk, which is supplied by risk management implementation and consultancy company, CorProfit Systems.

Delta implemented KnowRisk in late 2001 and the platform became fully functional at Delta's Corporate Office and operating Business Units in 2002.

Delta's performance reflects the qualities and application of leadership throughout the business. Effective achievement of Delta's commercial, environmental and social objectives is underpinned by a robust governance structure.



Managing risk across all areas of operations

Delta now uses KnowRisk to manage risk across all areas of its operations including production, fraud and corruption, security and environmental protection.

To ensure the integrity and quality of risk data, Delta appointed Risk Management Coordinators in each business unit who 'champion' KnowRisk. Risk Management Coordinators meet regularly to ensure growth and continuous improvement to the risk management process.

Delta employees quantify risk

KnowRisk has further enhanced Delta's risk management by allowing quantification of risk mitigation actions. Using both monetary and percentage measures, Delta is able to identify and focus on those risks which expose the business to higher adverse consequences.

"Risk quantification in KnowRisk complements information from other systems to give employees a broader tool-set to demonstrate the benefits of potential projects and a means to continually improve business processes."

David Stephenson
Manager, Insurance & Finance
Administration, Delta Electricity

Why KnowRisk?

- Flexible
- Easy-to-use
- Integrates with other business systems
- Ability to configure new data and screen layouts to meet the business needs
- Familiar look and feel of Microsoft Windows

The real challenge is integrating risk management with other business processes and systems

The success of any enterprise product is not its use in one area of the business but its ability to be used widely.

"KnowRisk has helped us embed and support a risk awareness culture within Delta and because of its simplicity and flexibility to meet changing business needs and environment in which we operate, we expect it to continue to do so in the future."

David Stephenson
Manager, Insurance & Finance
Administration, Delta Electricity

Company Background

CorProfit Systems offers a complete solution as they are both a supplier of Risk Management software and a Risk Management consultancy, specialising in planning, implementation and training. CorProfit Systems develop close relationships with clients, enabling them to keep in touch with the real world of operational Risk Management.

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