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Graham Vincent

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Developing a dispute management system

ElectraNet SA

Graham Vincent

In parallel with the headlong rush to the new electricity market and the consequent need to develop at least a compliant dispute management system (DMS) for Code related disputes, ETSA Corporation (the Corporation) coincidentally moved through the extraordinary steps of not one but two dissagregation processes in less than three years. First the generation groups were removed from the Corporation and then more recently the transmission business was structurally separated from the distribution and retail sectors. For a relatively small organisation this represented a massive imposed commitment.

It was in this environment that ETSA Transmission (now ElectraNet SA the SA transmission network service provider) discovered, at one of the National Electricity Code Administrator (NECA) road shows, that it was an absolute requirement of the Code to have a DMS. It set about to comply.

But comply with what — just the Code?

Did anyone know anything about it?

Would it be very involved?

Did it stand alone?

Did it have relationships with other systems?

In fact did any of our processes cover the issues anyway?

And would we really have problems requiring resolution at this scale anyway?

At least we soon learnt the answers to these questions …

Yes or No, No, Yes or No, No, Yes, No, Oh Yes.

So, unhampered by any previous experience, we set off on a journey.

Culture of the organisation

The culture of ElectraNet SA is that of a small organisation with enthusiastic and capable staff, few resources and no 'spare resources'. Having a historical engineering orientation ElectraNet SA was 'risk adverse'. There has been clever management of electrical systems, with an evolving background in commercial trading. We have had a minimum of disputes in the past, primarily with human resources/union issues. There is an engineering contract in terms of environment negotiation within the organisation and this, with reasonable success has been a building block for conciliation. ElectraNet SA is a rapidly expanding organisation, developing new business processes, learning to manage rather than do. We have set a clear path to the future with most of the staff primed to understand the restructuring of the industry. There have been some conflict experiences in the recent past because of the developing market environment.

The role this organisation's culture has played in our system design is that the project became another job attempted with limited resources and limited available staff hours. There had to be an acceptance of the 80:20 rule. Our growth pattern meant that this was just one of many new systems being established. The preparation for the market was a major action thrust, so any process to facilitate that goal was taken on board without question by all staff as an essential item. The conflict experiences we had in the eastern States' interim electricity markets highlighted our need for a DMS.

Aims and objectives

Initially our objectives were to design a system (whatever that meant) to meet the minimum requirements of the Code. We wanted the simplest processes, with a minimum expenditure of effort and resources. It was also important that the new system did not interfere with the parallel development of the myriad other processes needed ➢

➢ for a new organisation, or with the effort of entering the new competitive electricity market.

Outside support

NECA provided a series of valuable tools. The major resource was the NECA guide written for members. Training seminars were organised to educate on the scope of the DMS. NECA co-ordinated this with a law-based resource organisation.

Scope of project

After an initial orientation, a small top level steering committee established that the process should fundamentally be capable of dealing with all external disputes. We learnt it was inevitable that the process would be another business system of the organisation, equal in stature to many other established or establishing business systems. It became obvious that the effort put into building the system would be of only half value if it were confined only to market (Code) based disputes.

Goals

The goals emerged as we progressed. With such an initially uncertain understanding about where we were to go (even after the first tutorials) setting objective goals at the outset was nigh on impossible — it all looked a haze in the distance, but the following goals gradually evolved:

1. KIS (keep it simple).
2. Establish a DMS of minimum complexity.
3. Design a readily understandable process flow.
4. Write quality system based instructions.
5. Educate the executives to the risks and the necessity of the system.
6. Ensure that the ultimate responsibility was lodged at an appropriate level.

Benefits (perceived and unexpected)

Initially it appeared that this process was a chore and there did not appear to be many benefits. Later, there was a reawakening to the principles of ADR and the benefits of channelling a dispute onto a negotiation path rather than an adversarial path became clear.

In reviewing major disputes, we were skeptical that any system would have helped in some circumstances. For instance where one party takes and holds a position, regardless of encouragement or pressure to modify that position, the second party has little recourse.

Compliance issues

Our system needed to be tested against NECA's requirements. We measured this compliance by engaging the services of an outside consultant during development.

Complaint handling

Because ElectraNet SA is a transmission network service provider it operates in the wholesale electricity market. We expected a lower number of outside complaints than a retailer might expect. There is a greater potential for major conflicts from incidents involving the transmission network. Employee complaints or conflicts can arise at any time.

The system accepts that a complaint and/or conflict is a potential part of any normal business activity, so in the early stages it permits the handling of complaints, on a one-to-one basis.

'The system accepts that a complaint and/or conflict is a potential part of any normal business activity, so in the early stages it permits the handling of complaints, on a one-to-one basis.'

The escalation path is perceived as a simple, normal business process with line management maintaining control as long as possible. Expert assistance is made available as a resource, not as the main actor.

The key to the process is the identification of when a 'complaint' is becoming a 'dispute' and at what point expert direction is mandated.

Communication of system

The following communication processes were adopted to make staff aware of the DMS:

- Company wide news releases.
- Two hour orientation sessions for most staff.
- Debriefs to the business management team.
- Executive two day retreat.
- Notification to trading customers. (some of these items are still to be completed). ➢

Efficiency of the process

➢ In our particular case, the business needs necessitated an efficient and effective process to achieve an outcome in a specific time frame, thus the features were:

- The team was kept small.
- The process expanded to meet specific needs or to educate specific staff as it progressed.
- KIS principle was maintained throughout.
- Single point of process drafting and instruction writing was used.
- The process happened to be in parallel with corporate restructuring, which allowed for ultimate responsibility of the DMS to be included in structural design rather than vice versa.
- Critically, the DMS was built to reflect the operation and culture of this particular organisation.

Focus team

The team viewed themselves as just doing another job, 'overworked and underpaid as usual'. They perceived the process as another mountain to climb, which initially had misty peaks and an ascent only by goat tracks at best.

Senior management set the broadest parameters, objectives and goals and let the team do the work. The corporate environment was such that there was too much going on to do otherwise.

A mission statement was developed at a 'round table' in a steering committee meeting.

Business development, HR, regulation and market operations were all represented on the focus team. Consultations were held with the management team and the CEO. Other areas of the organisation were involved by attending training programs and receiving communication from the focus team.

Allocation of resources

We all worked extremely hard whenever there was an opportunity — with market preparations, restructuring and disaggregation there were few resources to allocate.

Training

To train the organisation, we held both executive education (including the executive charged with ongoing responsibility and the practitioner designated as conflict manager / adviser) and a two hour tutorial session for all staff who we expect may be involved in external conflict. We distributed desktop 'cheat sheets'.

Incorporating of this process into the quality documentation of the Corporation's business practices makes it available to all employees on the internal intranet service. Elements of both an informal and a formal process were incorporated to achieve employees' understanding of the system.

Implementation

This is still occurring, under the procedure set out below:

- CEO acceptance of the process.
- Two hour tutorial session for staff / desk top 'cheat sheet' handouts.
- Formal recognition of the appropriate executive as the 'office of conflict process management'.
- Advice of contact point and process to key trading partners.
- Incorporation of the process into quality documentation of the Corporation's business practices — available to all on internal business intranet.
- Introduction of appropriate forms and reporting structure through the managing conflict management practitioner.

Timetable / deadline

With more time the system could have been more polished or professional but we expect further changes and improvements with time and experience. There was very little organisational resistance to the process. The dedication of the team and the outcome of the design process overcame the resistance encountered.

Successes

Important successes were the ready acceptance by the CEO of the process with constructive input as well as the support received from NECA and other consultants. Finding eventual order from chaos was seen as another great achievement.

The way in which we turned the corner from a real muddle to a reasonable system design when we set a defined time frame to complete the task was a success for our team. The greatest reward is having a system that appears to fit our particular business practices

Challenges

Trying to grasp the real requirements of the DMS process, with little idea what is actually expected or intended by words in the Code, was a great challenge. Another hurdle to overcome was that the prototype examples seemed to have very little in common with our organisation, business practices and culture.

It was a challenge to try and understand the mechanism of conflict / dispute and the realistic options available to manage it.

Another challenge ElectraNet SA faces are potential situations in the future that may 'outrun' the system (notably disputes with Government and large customers), but time will tell. ❖

Graham Vincent
Manager Telecommunications Services, ElectraNet SA

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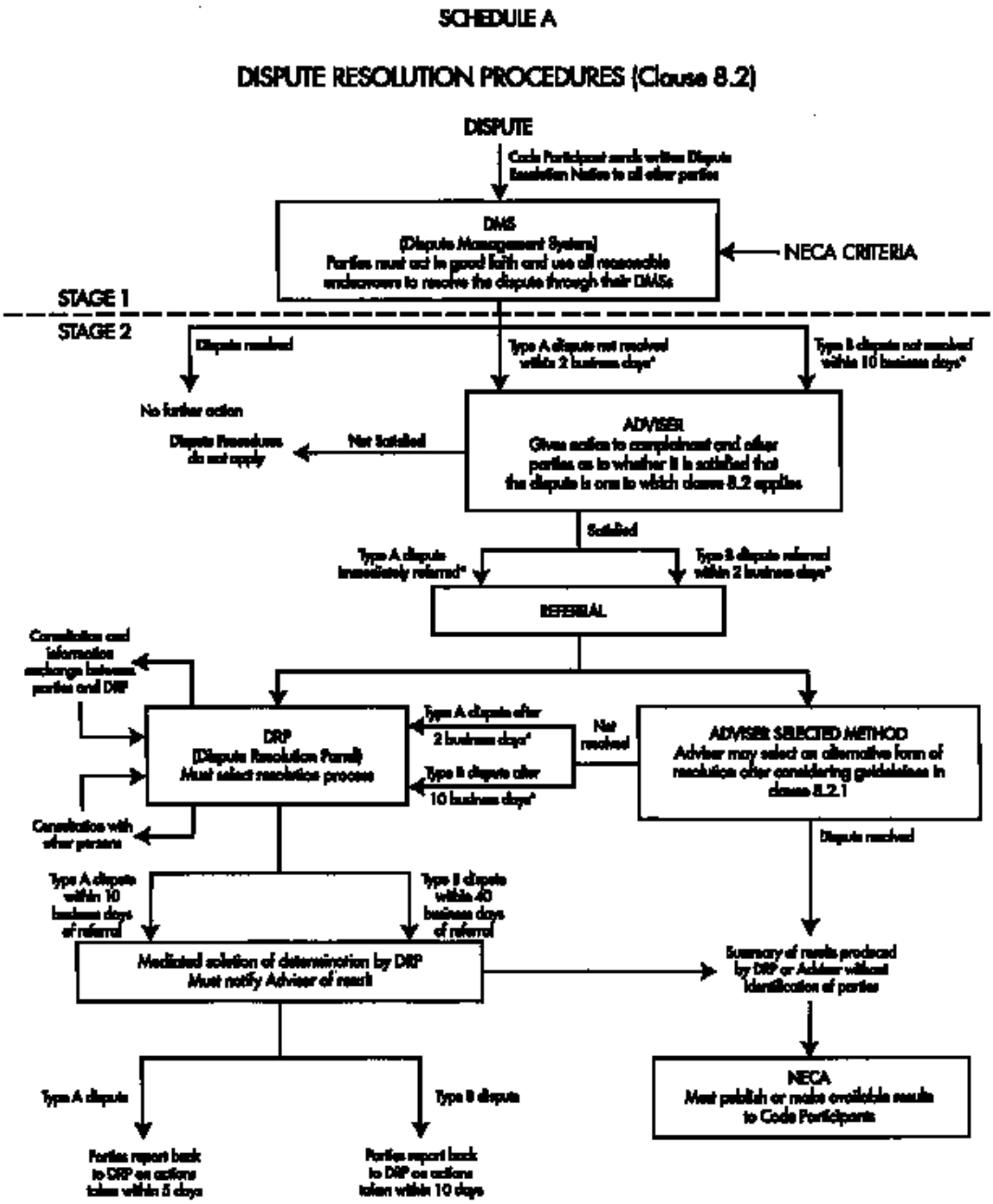
Overview of Dispute Resolution Procedures (Clause 8.2)

Overview diagram prepared by Clayton Utz

Extracted from National Electricity Market Dispute Management System — The DMS Guide