

Utility Management Consulting

Asset Valuation



Get a handle on your electricity assets!

Asset Listing and valuation is important to identify assets and understand the asset value of electricity undertakings. This is necessary for processes such as ring fencing of assets, annual statements, maintenance purposes, divesture, regulatory requirements accounting requirements to name a few.

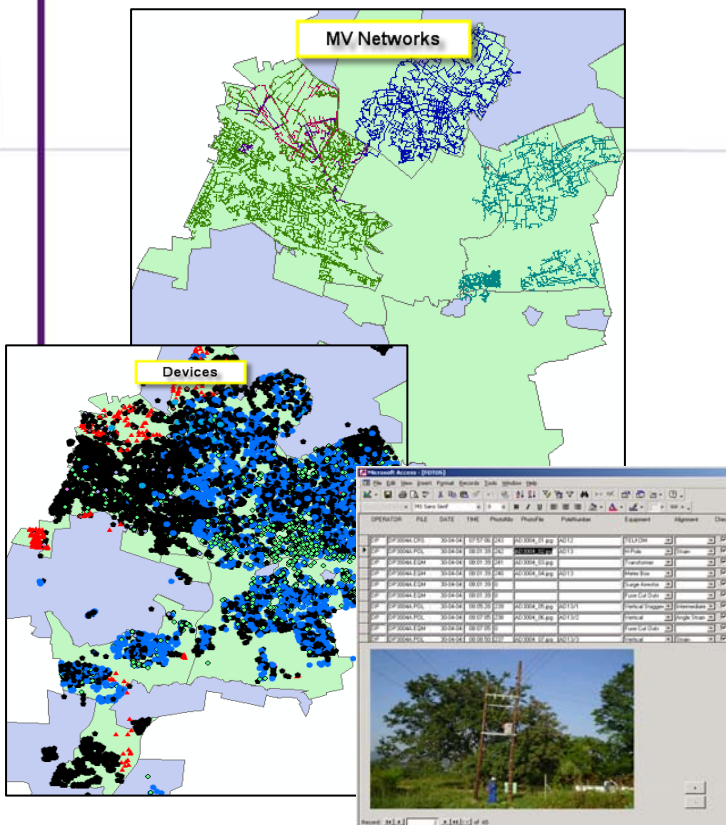
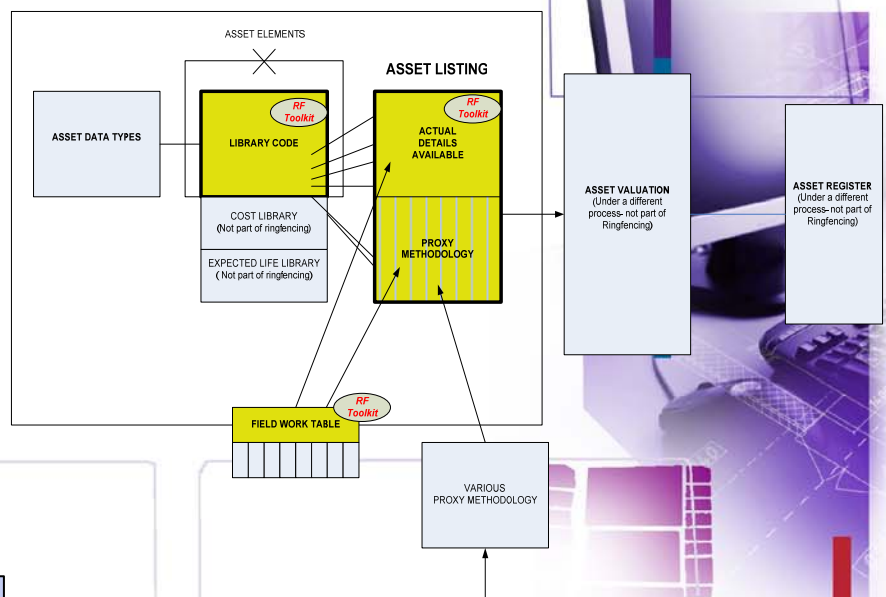
NETGroup has the skills and experience to assist you in identifying and valuing your electricity infrastructure and non-infrastructure assets. We have compiled a number of asset registers and computed the associated asset valuations for electricity utilities. Through these projects, we have developed robust methodologies, based on GIS tools, to provide cost-effective solutions for our clients.

Asset Valuation Process

The asset valuation process starts with a definition of the asset categories and the minimum data requirements for the asset library. Asset data can then be captured from existing records or via a field exercise. It will then be possible to add asset life expectancies and replacement costs to the various asset categories.

Asset valuation can be computed by means of a DRC approach and an asset register can be compiled to comply with GAAP, GAMAP, GRAP or IFRS.

ASSET VALUATION PROCESS



Asset Identification & Field Work, including Proxy Methodology

Often one cannot obtain all the required information from field data and other existing data sources, e.g. insurance data, capex & opex data, to compile the asset listing. Full field capturing is generally very expensive, time consuming and often not feasible. Proxy methodologies can be used to derive estimated quantities of power system assets within the distribution network. The level of accuracy of this approximation will depend on the sophistication of the tool utilised.

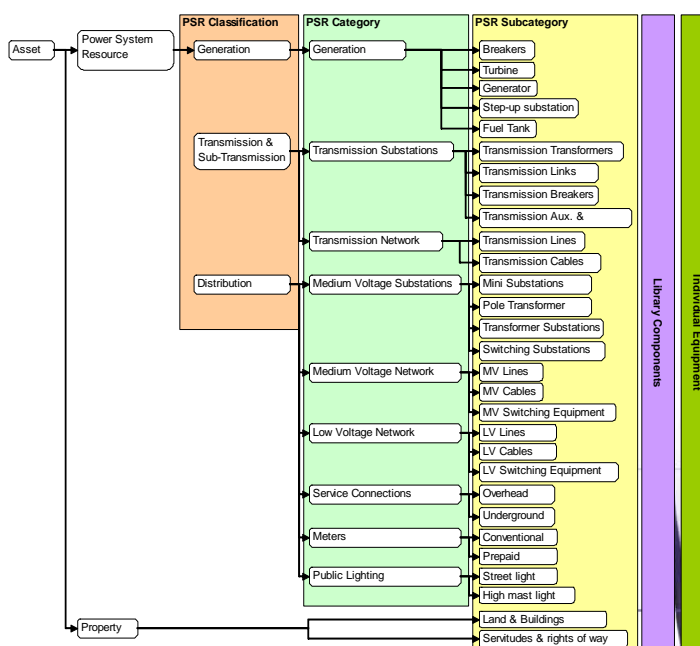
Using our in-house developed field work tools and sophisticated GIS approximation methodologies, we are able to identify, with a high level of confidence, the quantities of network assets, at an affordable cost.

Asset Definition & Categorisation

It is important to identify the asset hierarchy of infrastructure items in a manner that will enable new replacement costs to be updated over time and ensure uniformity in the valuation processes conducted by the various service providers in South Africa.

Without these standards the values derived will not easily be approved and recognized as a true reflection of the audited levels of the asset values within the electricity business.

A clearly defined asset library will ensure a consistent and repeatable valuation process over time.



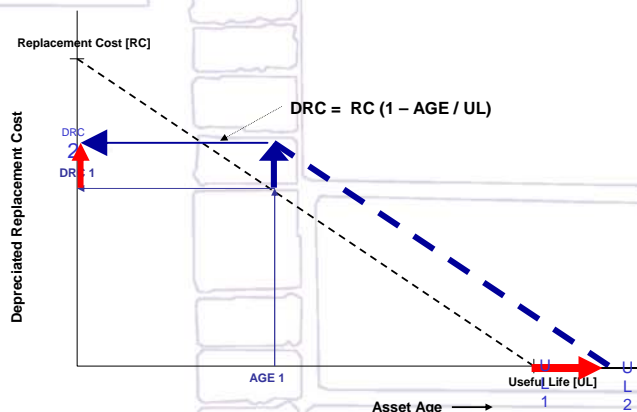
Asset Valuation

An asset valuation can be computed using different methods, e.g. a DRC or DCF.

Field work is often required to capture the condition of the assets. Engineering knowledge and experience is required to recognise appropriate refurbishment and maintenance practises in order to reflect the correct depreciation on the assets in use. This is especially true for older assets in use in some municipalities, in order to arrive at a the true value of the assets in service.



DEPRECIATED REPLACEMENT COST METHODOLOGY



Why NETGroup as your asset listing, valuation partner?

NETGroup has the skills and experience to assist you in identifying and valuing your electricity infrastructure and non-infrastructure assets. We have compiled a number of asset registers and computed the associated asset valuations for electricity utilities in South Africa and elsewhere in Africa. Through these projects, we have developed robust methodologies, based on GIS tools, to provide cost-effective solutions for our clients.