**BOARD [or ISC for CEO approval] PAPER FOR MEETING ON 30 APRIL 2014**

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| **ITEM X.X: GATE 2 PRELIMINARY PROJECT APPROVAL: PROJECT NAME** | **DATE: 4 December 2014** |

**Purpose**

To seek Gate 2 Preliminary Project Approval for PROJECT NAME, at a total estimated cost of $XX.X million. This cost estimate includes $XX.X million for direct costs, $XX.X million for contingency and $XX.X million for overheads.

**Project Summary**

|  |  |
| --- | --- |
| Investment name | Project Name |
| Investment value | $XX.X million total estimated cost  ($XX.X million direct costs, $XX.X million contingency, $XX.X million overheads |
| Investment driver | Replacement/Asset Condition/Compliance etc |
| System need date | Month Year |
| Current PIP Approval (Gate 1)  Including overheads and contingency | |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | **$M (nominal)** | **09-14 (prior)** | **FY15** | **FY16** | **FY17** | **FY18** | **FY19** | **14/19 TOTAL** | | Substantive Regulatory Proposal |  |  |  |  |  |  |  | | Gate 1 approval  [project] |  |  |  |  |  |  |  | | Actual/Forecast  (ex contingency) |  |  |  |  |  |  |  | |
| Current PIP | Included in current PIP (version X.X) and Gate 1 Approval (ranked in the top X% of projects) |

**Area Strategy and Background**

This section provides a description of the location and key issues e.g sensitive load, the area strategy, related projects and their status and a bit of history on the site i.e the existing substation was built in 1923 and is ……..

A number of projects have been completed or are underway as part of the XX area strategy and are outlined in Table 1. A summary of the Greater Cessnock area plan has been loaded to the Director’s resource centre in Board Books under the Network Company Information tab.

**Table 1: Status of related projects**

|  |  |  |
| --- | --- | --- |
| **Project description** | **Status** | **Need addressed** |
|  |  |  |
|  |  |  |

**Project need**

Outline what the project seeks to achieve/deliver ie replacement of 11kV Switchgear that is at the end of its life expectancy, increased capacity etc…

Provide an overview of how it benefits the local network.

**Options analysis**

Outline the options that were assessed to achieve the desired outcome and why the preferred option was selected.

**Project Details**

The project includes:

* building modifications to the floor of the existing substation building to accommodate the fixed pattern switchgear;
* expansion of the existing 11kV cable trench within the substation boundary;
* installation of five switchgear groups and associated transfer of existing 11kV feeders and transformer tails;
* decommissioning and removal of the old switchgear panels; and upgrading Transformer No. 2 from 10MVA to 15MVA with a spare transformer sourced from Dudley zone substation.

**Delivery Model**

One paragraph on the delivery model and mix of internal and external resources or market testing undertaken

**Financials**

Table 2 shows the estimated total cost of the project.

**Table 2: Project cost estimate including contingency and overheads ($ million)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Item** | **Cost to date** | **FY14** | **FY15** | **FY16** | **FY17** | **TOTAL** |
| **Requested scope**1 |  |  |  |  |  |  |
| Substation works |  |  |  |  |  |  |
| Feeder works |  |  |  |  |  |  |
| Decommissioning |  |  |  |  |  |  |
| **Subtotal requested scope** |  |  |  |  |  |  |
| **Enabling scope**2 |  |  |  |  |  |  |
| As required |  |  |  |  |  |  |
| **Opportunistic scope**2 |  |  |  |  |  |  |
| As required |  |  |  |  |  |  |
| **Subtotal enabling scope** |  |  |  |  |  |  |
| **Overheads** |  |  |  |  |  |  |
| **Contingency** |  |  |  |  |  |  |
| **Project Total** |  |  |  |  |  |  |

1. Requested scope: these costs cover the scope directly requested by Chief Engineer and include work that would normally be anticipated as required to complete the project;

2. Enabling scope: items that are mandatory works which must be carried out to implement the requested scope but are not immediately visible in the original requested scope; and

3. Opportunistic scope: these items are optional items that are not necessary to complete the required scope but are advantageous in terms of timing, cost and or compliance.

**Project Contingency**

The major risks to this project have been identified and included as contingency in Table 3. The contingency equates to approximately XX% of the project cost. Appropriate risk management strategies will be implemented to mitigate these risks.

**Table 3: Project contingency ($ million)**

|  |  |
| --- | --- |
| **Contingency** | **Allowance** |
|  |  |
|  |  |
|  |  |
|  |  |
| **Total contingency** |  |

**Recommendation**

It is recommended that the Board [or CEO]:

* Grant Gate 2 approval of $XX.X million for the project name comprising direct costs of $XX.X million, contingency of $XX million contingency, and overheads of $XX.X million; and
* Note that Gate 3 approval will be sought when project design is completed ready for construction.

|  |  |
| --- | --- |
| **Submitted by:** | **Endorsed by:** |
| **Name**  **Title**  **Company** | **Name**  **Title**  **Company** |

Note: additional signatories for a CEO paper include

|  |  |
| --- | --- |
| **Endorsed by:** | **Approved by:** |
| **John Hardwick**  **Group Executive Network Strategy**  **Networks NSW** | **Vince Graham**  **Chief Executive Officer**  **Company** |