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

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| **ITEM X.X: GATE 3 FINAL PROJECT APPROVAL: PROJECT NAME** | **DATE: 16 January 2015** |

**Purpose**

To seek Gate 3 Final 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 | $XX.X million  ($XX.X million direct costs, $XX.X million contingency, $XX.X million overheads) |
| Investment driver | Replacement/Asset Condition/Compliance etc |
| System need date | Month Year |
| Current PIP Approval (Gate 1)  Modify table if cashflows go outside the 15-19 reg period – noting that PIP only covers through to 19 | |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | **$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 (PIP % included) |
| Gate 2 Approval | Month Year  Board / CEO  $XX.X million total estimated cost  ($XX.X million direct costs, $XX.X million contingency, $XX.X million overheads) |

**Current Position**

Provide details where the project is at in terms of design, development, market engagement, procurement of long lead time inventory. Include statement re-confirming the need for the project.

**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**

Provide details of the method / analysis used to determine the most efficient delivery model and confirm the selected delivery model.

**Variance to Gate 2**

If scope, cost or time have changed from those at gate 2 provide a reconciliation back to gate 2 and note that a PIP change control will be raised upon approval. Provide a confirmation that the need still exists.

**Financials**

Table 1 shows the estimated total cost of the project.

**Table 1: Project cost estimate including contingency and overheads ($ million)**

Modify table to cover forward years to cover where cash flows are forecast

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **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 2. The contingency equates to approximately XX% of the project cost. Appropriate risk management strategies will be implemented to mitigate these risks.

**Table 2: Project contingency ($ million)**

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

**Recommendation**

It is recommended that the Board [or CEO] grant Gate 3 approval of $XX.X million for the project name comprising direct costs of $XX.X million, contingency of $XX.X million and overheads of $XX.X million.

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| --- | --- |
| **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** |