Investment Evaluation Summary (IES)

Project Details:

Project Name:	Install HV CTs and VTs - New Installations
Project ID:	00764
Thread:	Connection Assets
CAPEX/OPEX:	CAPEX
Service Classification:	Standard Control
Scope Type:	D
Work Category Code:	SCCVT
Work Category Description:	CT AND VT - New
Preferred Option Description:	Install CTs and VTs
Preferred Option Estimate (Nominal Dollars):	$500,000

	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
Unit ($)	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000
Volume	2	2	2	2	2	2	2	2	2	2
Estimate ($)	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000
Total ($)	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000

Governance:

Project Initiator:	Darryl Munro	**Date:**	30/03/2015
Thread Approved:	Darryl Munro	**Date:**	16/10/2015
Project Approver:	Darryl Munro	**Date:**	16/10/2015

Document Details:

Version Number:	1

Related Documents:

Description	URL

Section 1 (Gated Investment Step 1)

1. Background

High voltage metering current and voltage transformers (HV CTs and VTs) are installed at approximately 150 customer installations that are connected to the distribution network at high voltage.

1.1 Investment Need

This customer initiated program is for the installation of new metering transformers required for new and upgraded customer installations that have maximum demand in excess of 100 amps per phase.

1.2 Customer Needs or Impact

TasNetworks continues to undertake consumer engagement as part of business as usual and through the Voice of the Customer program. This engagement seeks in depth feedback on specific issues relating to:

- How its prices impact on its services
- Current and future consumer energy use
- Outage experiences (frequency and duration) and expectations
- Communication expectations
- STPIS expectations (reliability standards and incentive payments)
- Increasing understanding of the electricity industry and TasNetworks

Consumers have identified safety, restoration of faults/emergencies and supply reliability as the highest performing services offered by TasNetworks.

Consumers also identified that into the future they believe that affordability, green, communicative, innovative, efficient and reliable services must be provided by TasNetworks.

This project specifically addresses the requirements of consumers in the areas of:

- safety, restoration of faults/emergencies and supply reliability
- affordability, green, communicative, innovative, efficient and reliable services

Customers will continue to be consulted through routine TasNetworks processes, including the Voice of the customer program, the Annual Planning Review and ongoing regular customer liaison meetings.

1.3 Regulatory Considerations

This project is required to achieve the following capital and operational expenditure objectives as described by the National Electricity Rules section 6.5.7(a) and 6.5.6(a).

6.5.7 (a) Forecast capital expenditure

(1) meet or manage the expected demand for standard control services over that period;

(2) comply with all applicable regulatory obligations or requirements associated with the provision of standard control services;

(3) to the extent that there is no applicable regulatory obligation or requirement in relation to:

(i) the quality, reliability or security of supply of standard control services; or

(ii) the reliability or security of the distribution system through the supply of standard control services, to the relevant extent:

(iii) maintain the quality, reliability and security of supply of standard control services; and

(iv) maintain the reliability and security of the distribution system through the supply of standard control services; and

(4) maintain the safety of the distribution system through the supply of standard control services.

2. Project Objectives

Installation of HV CTs and VTs to facilitate connection of customers to the network and upgrades to existing customer installations.

3. Strategic Alignment

3.1 Business Objectives

Strategic and operational performance objectives relevant to this project are derived from TasNetworks 2014 Corporate Plan, approved by the board in 2014. This project is relevant to the following areas of the corporate plan:

- We understand our customers by making them central to all we do;
- We enable our people to deliver value; and
- We care for our assets, delivering safe and reliable networks services while transforming our business.

3.2 Business Initiatives

The business initiatives that relate to this project are as follows:

- Safety of our people and the community, while reliably providing network services, is fundamental to the TasNetworks business and remains our immediate priority
- We care for our assets to ensure they deliver safe and reliable network services
- We will transform our business with a focus on:

- An appropriate approach to the management and allocation of risk

- The strategic key performance indicators that will be impacted through undertaking this project are as follows:

- Customer engagement and service – customer net promoter score
- Price for customers – lowest sustainable prices
- Culture and people engagement – Culture score
- Zero harm – significant and reportable incidents
- Network service performance – meet network planning standards
- Network service performance – outcomes under service target performance incentive schemes
- Sustainable cost reduction – efficient operating and capital expenditure

4. Current Risk Evaluation

Do nothing is not an acceptable option to TasNetworks' risk appetite. The level of risk identified above is such that a treatment plan is required to reduce the risks to a tolerable level, in line with TasNetworks' Risk Management Framework.

4.1 5x5 Risk Matrix

TasNetworks business risks are analysed utilising the 5x5 corporate risk matrix, as outlined in TasNetworks Risk Management Framework.

Relevant strategic business risk factors that apply are follows:

Risk Category	Risk	Likelihood	Consequence	Risk Rating
Regulatory Compliance	Failure to connect supply for a customer.	Almost Certain	Moderate	High
Reputation	Negative publicity resulting from poor customer service and failure to connect customers to network.	Almost Certain	Moderate	High

Section 1 Approvals (Gated Investment Step 1)

Project Initiator:	Darryl Munro	**Date:**	30/03/2015
Line Manager:		**Date:**	
Manager (Network Projects) or Group/Business Manager (Non-network projects):		**Date:**	
[Send this signed and endorsed summary to the Capital Works Program Coordinator.]			

Actions

CWP Project Manager commenced initiation:		**Assigned CW Project Manager:**	
PI notified project initiation commenced:		**Actioned by:**	

Section 2 (Gated Investment Step 2)

5. Preferred Option:

Install new HV CTs and VTs as required to enable new and upgraded connections to the network in response to customer requests.

5.1 Scope

1 Work to be undertaken:

The work to be undertaken shall be the installation, replacement and upgrading of metering for customer power supply connections and may be sourced by the following methods

a) Creation of service order in SOM/TVD generated from the receipt of an Electrical Works Request from a retailer.

2 Particular methodology to undertake the work:

a) All work tasks detailed in the Scopes of Work are to be completed in accordance with the TasNetworks Customer Charter promises and in accordance with the timeframes detailed in the attachment.

b) All work shall be undertaken as per TasNetworks Metering Procedures.

c) Update and complete metering information on Current Service Order Management System and the Current Meter Data Management System within 2 working days of meters being installed or exchanged, except when working in remote areas and crews do not have access to systems.

d) Authorised Contractors are not to perform any CT or HV metering works.

e) Construction work to be completed by agreed customer connection date.

3 Technical conditions:

a) All work to be carried out in accordance with the TasNetworks Metering Procedures & Service and Installation Rules.

5.2 Expected outcomes and benefits

This capital expenditure is required to:

- Install HV CTs and VTs in response to customer requests to connect to the network; and
- Install HV CTs and VTs in response to customer upgrades.

5.3 Regulatory Test

6. Options Analysis

Option 0: Do nothing
Advantages

- Less expenditure than option 1

Disadvantages

- Non compliance with NER due to failure to connect customers to network..
- Poor customer service resulting in complaints and negative publicity

Option 1: Install CTs and VTs
Advantages

- Connects customers to network and therefore complies with NER.
- Enables good customer service in response to customer requested work.

Disadvantages

- More expensive than option 0

6.1 Option Summary

Option description	
Option 0	Do nothing
Option 1 (preferred)	Install CTs and VTs

6.2 Summary of Drivers

Option	
Option 0	• Install HV CTs and VTs in response to customer requests to connect to the network - No • Install HV CTs and VTs in response to customer upgrades - No
Option 1 (preferred)	• Install HV CTs and VTs in response to customer requests to connect to the network - Yes • Install HV CTs and VTs in response to customer upgrades - Yes

6.3 Summary of Costs

Option	Total Cost ($)
Option 0	$0
Option 1 (preferred)	$500,000

6.4 Summary of Risk

This section outlines an overall residual asset risk level, for each of the options.

Option	Risk Assessment
Option 0	High
Option 1	Low

6.5 Economic analysis

Option	Description	NPV
Option 0	Do nothing	$0
Option 1 (preferred)	Install CTs and VTs	$0

6.5.1 Quantitative Risk Analysis

Not completing this program will result in failure to connect customers to the network in contravention of the requirements of the NER and also has the potential to result in negative publicity from customer complaints and poor customer service.

6.5.2 Benchmarking

Benchmarking has not been completed for this item.

6.5.3 Expert findings

No expert findings have been used for this item.

6.5.4 Assumptions

Volumes based on historical volume of new HV connections..

Section 2 Approvals (Gated Investment Step 2)

Project Initiator:	Darryl Munro	**Date:**	30/03/2015
Project Manager:		**Date:**	

Actions			
Submitted for CIRT review:		**Actioned by:**	
CIRT outcome:			