Investment Evaluation Summary (IES)

Project Details:

Project Name:	Land Purchase associated with Zone Substation (Capacity)
Project ID:	00833
Thread:	System Development
CAPEX/OPEX:	CAPEX
Service Classification:	Standard Control
Scope Type:	A
Work Category Code:	LANDZ
Work Category Description:	Land Acquisition - Zone Substations
Preferred Option Description:	Do nothing
Preferred Option Estimate (Nominal Dollars):	$0

	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
Unit ($)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Volume	0	1	1	0	1	0	1	0	1	0
Estimate ($)										
Total ($)	$0	$700,000	$700,000	$0	$700,000	$0	$700,000	$0	$700,000	$0

Governance:

Project Initiator:	Ewan Sherman	**Date:**	30/03/2015
Thread Approved:	Stephen Jarvis	**Date:**	19/10/2015
Project Approver:	Stephen Jarvis	**Date:**	19/10/2015

Document Details:

Version Number:	1

Related Documents:

Description	URL
Network Development Management Plan	-

Section 1 (Gated Investment Step 1)

1. Background

The Major System planning level includes development of existing and new zone substations and subtransmission feeders.

In previous regulatory submissions there have been a number of forecast additional zone substation developments that fall within the upcoming two year determination, including Austins Ferry Zone (including Bridgewater 110/33 kV development), Brighton Zone, Blackmans Bay Zone, Sandford Zone, Margate Zone; and Richmond Rural Zone conversion and upgrade.

With the exception of Richmond Rural Zone, which is being addressed as part of asset renewal project, it was also determined that, based on the load forecast, the above zone substation developments will not be required within the two year determination, and additionally may not be required within the regulatory period to 2027. As such, no additional zone substation projects have been proposed within the regulatory period to 2027.

However, it is proposed to allow for the purchase of land for these future zone sites at a rate of one land purchase every two years over the regulatory period. The purchase of land allows TasNetworks to:

- Have certainty of site, which will influence strategic network development;
- Obtain the most suitable sites, which support sustainable customer outcomes and community expectations.
- Manage risk of late land aquisition, which has impacted project outcomes historically.
- Allows for changes in the load forecast or customer development that may bring forward zone substatio ndevelopment within the regulatory period.

1.1 Investment Need

Strategic purchase of land for Zone Substations to meet future reinforcement augmentation needs.

1.2 Customer Needs or Impact

TasNetworks continues to undertake a consumer engagement as part of business as usual and through the voice of the customer program. Consumers have identified safety, restoration of faults/emergencies and supply reliability as the highest performing services offered by TasNetworks. This project specifically addresses the requirements of consumers in the areas of; • safety, restoration of faults/emergencies and supply reliability 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 expenditure objectives as described by the National Electricity Rules section 6.5.7(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

Manage future development requirements by obtaining strategic land for future zone substations

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 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 • Network service performance – meet network planning standards

4. Current Risk Evaluation

The current risk evaluation is Low. However, this program provides strategic benefit to TasNetworks and ultimately customer outcomes.

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
Customer	Existing risk control measures (if any) are not effective	Unlikely	Negligible	Low
Environment and Community	Existing risk control measures (if any) are not effective	Unlikely	Negligible	Low

Financial	Existing risk control measures (if any) are not effective	Unlikely	Negligible	Low
Network Performance	Existing risk control measures (if any) are not effective	Unlikely	Negligible	Low
Regulatory Compliance	Existing risk control measures (if any) are not effective	Unlikely	Negligible	Low
Reputation	Not Applicable	Rare	Negligible	Low
Safety and People	Existing risk control measures (if any) are not effective	Unlikely	Negligible	Low

Section 1 Approvals (Gated Investment Step 1)

Project Initiator:	Ewan Sherman	**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:

Purchase land for zone substations in strategic location; Takeing advantage of strategic opportunities to manage forecast Major System asset loading for normal or contingency network configurations.

5.1 Scope

Purchase land and/or make arrangements to purchase in future for proposed zone substations sites as identified within long term strategic plans and/or as identified thorughout the regulatory period.

5.2 Expected outcomes and benefits

Opportunity leveraged to purchase strategic land position for future terminal or zone substations with minimal expenditure on obtaining land in the future, and/or possible redevelopment/rezoning that may be required to obtain appropriate land when required.

5.3 Regulatory Test

Not applicable

6. Options Analysis

The following tables provide a brief summary of the options (limited) considered as part of a desk top assessment and in accordance with the Network Development Management plan.

6.1 Option Summary

Option description	
Option 0 (preferred)	Do nothing
Option 1 (preferred)	Purchase land in strategic locations for future zone substations

6.2 Summary of Drivers

Option	
Option 0 (preferred)	This option will not address planning and development issues that may develop (as have done historically) when land is aquisitioned at a late stage.
Option 1 (preferred)	The proposed project has the following Drivers: • Strategic planning, • Financial • Community outcomes

6.3 Summary of Costs

Option	Total Cost ($)
Option 0 (preferred)	$0
Option 1 (preferred)	$2,400,000

6.4 Summary of Risk

The target risk evaluation is Low

6.5 Economic analysis

Option	Description	NPV
Option 0 (preferred)	Do nothing	$0
Option 1 (preferred)	Purchase land in strategic locations for future zone substations	$0

6.5.1 Quantitative Risk Analysis

Not applicable

6.5.2 Benchmarking

Not applicable

6.5.3 Expert findings

Not applicable

6.5.4 Assumptions

Not applicable

Section 2 Approvals (Gated Investment Step 2)

Project Initiator:	Ewan Sherman	**Date:**	30/03/2015
Project Manager:		**Date:**	

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