

Investment Evaluation Summary (IES)

Project Details:

Project Name:	<i>Market System Maintenance Project</i>									
Project Id:	IT.CST.04									
Thread:	Information Technology									
CAPEX / OPEX:	CAPEX									
Scope Type:	C									
Service Classification:	Standard Control									
Work Category Code:	ITC									
Work Category Description:	IT & Communications									
Record Point ID:	R0000130302									
Preferred Option Description:	<i>Maintain systems and procedures at market compliant level under the National Electricity Law (NEL) AND resolve defects identified as not meeting the TasNetworks corporate strategy, including defects that have an impact on customer service deliverables, safety, and predictable and sustainable pricing.</i>									
	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
Estimate (\$)	0.25M	1.9M	1.9M	1.9M	1.9M	1.9M	1.9M	1.9M	1.9M	1.9M
Total (\$) 2017-2019	2,151,340									
Total (\$) 2017-2027	17,362,060									

Governance:

	IES Section 1		IES Section 2	
Business Unit Review:	██████████	17/06/2015	██████████	17/06/2015
Thread Endorsed:	██████████	18/05/2015	██████████	18/05/2015
Project Approver:				

Document Details:

Version Number:	1.0
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Section 1 (Gated Investment Step 1)

1. Background

TasNetworks' market-facing applications, are required to operate within and support the National Electricity Law (NEL) and its accompanying regulations and procedures, as well as jurisdictional laws and regulations. This requires regular and ongoing investment to ensure compliance with the regulatory environment.

Market Rule changes are generally implemented on a bi-annual cycle with dates for any changes usually effective as of May and November. In some cases implementation timeframes are included but this is generally not the case. TasNetworks are required to maintain our systems and procedures at market compliant level under the National Electricity Law (NEL) and are audited for this market compliance in at least Metering Provider (MPB) and Metering Data Provider (MDP) roles on a bi-annual basis to ensure compliance to Market rules, procedures and service level requirements. Failure to maintain market compliance can result in the loss of accreditation to operate in these roles under the market.

TasNetworks are also required to self-monitor our performance in our Local Network Service Provider (LNSP) role in regards to our operation under the National Energy Retail Rules (NERR) and report any breach of these rules to the Australian Energy Regulator (AER) which can result in fines.

Even though the market rule changes are generally implemented on a bi-annual cycle, past history suggests that market systems need only be changed once a year. This initiative assumes that TasNetworks will need to release market system changes to support regulatory changes once a year.

It should be noted that there are several other initiatives that will require changes to market systems¹. These changes are out of scope for this initiative, however any activity for these initiatives will be combined with this initiative where ever possible to drive efficiency.

1.1 Investment Need

This initiative is driven by the ongoing changes to the regulatory environment in which TasNetworks' operates. The laws, regulations and procedures as defined by the Australian Energy Market Commission (AEMC), Australian Energy Regulator (AER), Australian Energy

¹ Includes initiatives:

- Multiple Trading Relationships (MTR) – described in the initiative titled 'Multiple Trading Relationships' (IT.CST.02).
- Embedded Networks (EN) – described in the initiative titled 'Embedded Networks' (IT.CST.03).
- Metering Contestability – described in the initiatives titled 'Metering Contestability – DNSP' (IT.CST.01) and 'Metering Contestability – Business' (IT.CST.35).

Market Operator (AEMO), as well as local Government agencies, are regularly subject to change, and TasNetworks must ensure compliance with these changes.

Regular investment is required to maintain ongoing compliance with the market systems we connect to by performing alterations required in line with the market's release schedule.

In addition TasNetworks will need to resolve defects in Market Systems that have been identified as having impacts in the areas of: revenue, compliance and market and customer reputation.

1.2 Customer Needs or Impact

Indirectly, the users of the Tasmanian distribution network, i.e. our customers, will be impacted by how compliantly, efficiently and effectively our market systems operate.

1.3 Regulatory Considerations

These regulatory alterations have a bi-annual release schedule (May and Nov). The release schedule may also include implementation milestones.

There are three other regulatory initiatives that will need to be considered in parallel with this. They are:

- Multiple Trading Relationships (MTR) – described in the initiative titled 'Multiple Trading Relationships' (IT.CST.02).
- Embedded Networks (EN) – described in the initiative titled 'Embedded Networks' (IT.CST.03).
- Metering Contestability – described in the initiatives titled 'Metering Contestability – DNSP' (IT.CST.01) and 'Metering Contestability – Business' (IT.CST.35).

These initiatives also impact the market systems.

2. Project Objectives

The key objective of this project is twofold:

- Maintain systems and procedures at market compliant level under the National Electricity Law (NEL).
- Resolve defects identified as not meeting the TasNetworks corporate strategy, including defects that have an impact on customer service deliverables, safety, and predictable and sustainable pricing.

3. Strategic Alignment

3.1 Business Objectives

The following table highlights how the initiative will further TasNetworks corporate vision.

Strategic Goal	How initiative will further strategic goals
<p>“we understand our Customers by making them central to all we do”</p>	<ul style="list-style-type: none"> • Defects can impact TasNetworks ability [REDACTED] [REDACTED] This initiative provides regular efforts to address any such issues that exist at that time maintaining valuable relationships with retailers and customer where TasNetworks can be trusted to deliver. • Defects can impact TasNetworks ability to [REDACTED] • This initiative provides regular efforts to address any such issues that exist at that time maintaining valuable relationships with the market operator. • Should TasNetworks not [REDACTED] [REDACTED] This initiative provides regular efforts to address any such changes that are approved by the [REDACTED] maintaining valuable relationships with retailers and customer where TasNetworks can be trusted to deliver.
<p>“we enable our people to deliver value”</p>	<ul style="list-style-type: none"> • Will be able to improve the ability [REDACTED] correctly billing. • Will be able to better understand revenue leakage position and improve billing which would increase overall revenue. Understanding revenue leakage will: <ul style="list-style-type: none"> ○ [REDACTED] ○ [REDACTED] • Will have the ability to perform efficient Reconciliation by effective reporting. • Greater reliance can be place on data which will improve the ability to correctly model tariff prices. • Employee confidence in market systems, will lead to a reduction in stress, frustration, overtime, retention issues of employees. • Will be a decrease in the likelihood of human error. • Inefficiencies would be reduced. • Will be a reduced reliance of working outside of systems and processes. • Will be a reduced reliance on existing trained resources who understand defects and workarounds.

	<ul style="list-style-type: none"> • Will assist in addressing retention of specialty skillsets/staff. • When new regulations are enforced, existing processes may break and manual complex workarounds will be required making work practices difficult, (i.e. business is negatively impacted).
<p>“we care for our assets, delivering safe and reliable network services while transforming our business”</p>	<p>Should TasNetworks not [REDACTED]</p> <p>[REDACTED]</p> <ul style="list-style-type: none"> ■ [REDACTED] ■ [REDACTED] ■ [REDACTED] <p>This initiative provides regular efforts to address any such changes that are approved by [REDACTED] maintaining valuable relationships and reputation for operating compliantly.</p>

3.2 Business Initiative Alignment

By supporting our customer’s ability to access new market arrangements this initiative is expected to further ‘TasNetworks Strategy on a Page’ aims of:

- Customer net promoter score.
- Voice of the customer program.

In maintaining efficient and accurate billing this initiative supports the aims of lowest sustainable pricing.

4. Current Risk Evaluation

This chapter details the risk of ‘Do Nothing’.

The TasNetworks Risk Framework details the level of risk the business finds acceptable in each category (Safety, Environment, Financial, Regulatory, Legal and Compliance, Customers, Assets, Reputation and People).

This initiative addresses Customer, Financial and Regulatory Compliance risks, of which TasNetworks has [REDACTED].

Not proceeding with this initiative may result in [REDACTED]

[REDACTED]

4.1 Risk Matrix

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

Relevant strategic business risk factors that apply are follows:

Risk #	Risk Category	Risk	Impact	Likelihood	Consequence	Risk Rating
IT-005	Regulatory Compliance	[REDACTED]	NECF breaches and fines.	Almost Certain	Moderate	High
IT-006	Financial	[REDACTED]	Additional costs.	Possible	Minor	Low
IT-007	Customer	[REDACTED]	Increase in disputes and complaints as well as customers retail bills may be affected.	Possible	Minor	Low
IT-057	Financial	[REDACTED]	Business disruption due to resources being tied up with auditing activities.	Possible	Negligible	Low
IT-058	Financial	[REDACTED]	Loss of revenue.	Possible	Negligible	Low
IT-059	Financial	[REDACTED]	Ongoing loss of revenue.	Possible	Negligible	Low
IT-060	Customer	[REDACTED]	Increase in disputes and complaints.	Possible	Minor	Low
IT-061	Customer	[REDACTED]	Customers without power/services in expected timeframes.	Possible	Minor	Low
IT-072	Safety & People	[REDACTED]	The CEO and other responsible staff may face jail time as result of compliance breaches.	Unlikely	Severe	High

Section 1 Approvals (Gated Investment Step 1)

Business Unit Review:	██████████	Date	17/06/2015
IT Project Initiator:	██████████	Date	18/05/2015
IT Thread Approved:	██████████	Date	18/05/2015
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

The preferred option is to maintain systems and procedures at market compliant level under the NEL **AND** resolve defects identified as not meeting the TasNetworks corporate strategy, including defects that have an impact on customer service deliverables, safety, and predictable and sustainable pricing.

This option has been selected because it has best alignment with the investment need whilst:

- Minimising the cost.
- Minimising the negative business impacts and maximising the positive business impacts.
- Maximising the strategic alignment.
- Maximising the IT strategic alignment².
- Minimising the project complexity.
- Minimising the risk to the organisation.

5.1 Scope

The scope is to maintain TasNetworks market systems for compliance with changed market rules, procedures and service level requirements. It will also include a backlog of defect fixes on an as needed basis.

Detailed scope

The systems that are likely to be impacted include:

- Meter data management system release(s)/changes to address defects as determined and prioritised by the business in addition to any alterations/enhancements required to maintain compliance with market regulations.

² This is a test against criteria including:

- Solutions will leverage the expertise and conformity of vendor products designed for NEM market interfaces.
- Solutions are designed for TasNetworks work practices and work processes to be as efficient and effective as possible without compromise.
- Solutions are maintainable and supported.
- Solutions are 'fit for purpose'.
- Alignment with current IT infrastructure.
- Alignment with other IT roadmap initiatives.

- NEM market interface system release(s)/changes to address defects as determined and prioritised by the business in addition to any alterations/enhancements required to maintain compliance with market regulations.

This is inclusive of all modules:

- Service Order Management (SOM).
- Customer Transfers.
- Market Synchronization.
- Standing Data Reconciliation (SDREC).
- Market Integration Layer (MIL).
- Meter Data Delivery.
- CATS.
- Task Management.
- Customer Details.
- Distribution Billing.
- Network Invoice Management (NIM).
- Network Operational Management (NOM).
- Field tool [REDACTED] release(s)/changes to address defects as determined and prioritised by the business in addition to any alterations/enhancements required to maintain compliance with market regulations.
- Other internal TasNetworks applications including: Business Process Monitor (BPM), Spatial Data Warehouse (SDW), G/Technology (GIS) and The Eye (monitoring tool).

Change Management Impacts

The following business processes may require re-engineering and subsequently training and re-education throughout their user base:

- Service Order processes (Receipt, Scheduling, Execution and Completion).
- Market Interactions.
- Meter Reading.
- Distribution Billing.

High level implementation activities

High level activities identified to implement this initiative include:

- Review and prioritisation of back-log enhancement/changes, and big fixes.
- Analysis of TasNetworks obligation for Market System compliance, including:
 - Identifying existing processes that will need to be changed and redrafting the 'To Be' process.

- Elicitation of the full set of requirements for TasNetworks becoming compliant with the principles of 'Market Systems'.
- Identification of what requirements will be delivered via in-house development resulting in separate requirements documentation sufficient for an in-house build.
- Identification of what requirements will be delivered via a known vendor resulting in separate requirements documentation sufficient for a vendor build.
- Review and sign-off on vendor supplied functional specifications for implementation.
- Design and build of in-house components.
- Deployment and testing of in-house and vendor supplied components in TasNetworks' environments. Testing will include SIT (ensuring all vendor components work with each other), and UAT (ensuring the business are happy with the new functions delivered).
- Deployment to the TasNetworks Production environment.
- Training of staff in the new functionality and new 'To Be' processes where relevant, including creation/update of all documentation (administrative or end user).
- External Communications – Current and potential customers will need to be made aware of the new functionality.

5.2 Expected outcomes and benefits

The outcomes and benefits are considered from a TasNetworks' perspective and from an external stakeholder perspective, in this case the customer and retailer.

Outcomes and benefits have also been segregated into tangible (i.e. measureable) and intangible (not measureable). Tangible benefits will be used as part of the NPV calculations in chapter 6.

TasNetworks' perspective	Tangible benefits	
	The benefits quantified below have been assessed as most likely to result given the assumptions made regarding the expected future state.	
	Benefit Description	Benefit
	With the implementation of this initiative, extra resources would not be required to account for loss of efficiency if the 'Do Nothing' option is selected ('Do Nothing' risks IT-007, IT-060 mitigated).	██████
	With the implementation of this initiative the risk of NECF fines will be reduced ('Do Nothing' risk IT-006 mitigated).	██████
With the implementation of this initiative there will be a reduced likelihood of being able to bill incorrectly ('Do Nothing' risk IT-058 mitigated).	██████ (Reducing annually)	
With the implementation of this initiative there will be a reduced likelihood of revenue leakage ('Do Nothing' risk IT-059	Included in previous	

	<p>mitigated).</p> <p>Intangible benefits</p> <ul style="list-style-type: none"> • Have greater reliance on data which will improve the ability to correctly model tariff prices. • Decrease in the likelihood of human error. • Have a reduced reliance of working outside of systems and processes. • Have a reduced reliance on existing trained resources who understand defects and workarounds. • Employees will have more confidence in market systems, which will lead to a reduction in stress, frustration, overtime, and retention issues of employees. • With the implementation of this initiative there will be a reduced risk of business disruption as a result of increased auditing activities ('Do Nothing' risk IT-057 mitigated). • With the implementation of this initiative there will be a reduced likelihood of the CEO and other responsible staff facing jail time ('Do Nothing' risk IT-072 mitigated). • As part of this initiative it is also the intention to target the following issues identified from the TasNetworks application health check conducted in early 2015: <ul style="list-style-type: none"> ○ [BHA08] – BPM – the application does not allow for ad-hoc reports to be produced or current reports to be modified. ○ [BHA76] – Manual workarounds required. ○ [BHA77] – BPM - Would like better integration with [REDACTED] ○ [BHA10] – [REDACTED] – with regard to task management, email triggered task functionality is not working. ○ [BHA05] – The useability of the [REDACTED] reporting module does not adequately meet the business needs. ○ [BHA06] – The alert functionality within the Eye could be improved. ○ [BHA07] – With regard to the Eye, the granularity of the monitoring is perhaps now low-level enough with respect to [REDACTED] ○ [BHA24] – There is no longer in-house support or development expertise for the Eye.
Customer and retailers	<p>From a customer perspective, TasNetworks will be able to:</p> <ul style="list-style-type: none"> • Handle modified market processes without impacting the customer

perspective	<p>reduced ('Do Nothing' risk IT-061 mitigated).</p> <ul style="list-style-type: none"> • Maintain valuable relationships with Retailers and customers where TasNetworks can be trusted to deliver. • Improve delivery of accurate data in a timely manner. • Address impacts to retailers as a result of outstanding defects, ensuring customer are correctly billed.
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5.3 Regulatory Test

N/A

6. Options Analysis

Three options have been considered as described in the following chapter:

- Option 0 - Do Nothing.
- Option 1 – Meet compliance and fix defects - Maintain systems and procedures at market compliant level under the NEL **AND** resolve defects identified as not meeting the TasNetworks corporate strategy, including defects that have an impact on customer service deliverables, safety, and predictable and sustainable pricing (preferred option).
- Option 2 – Meet compliance, fix defects, and include enhancements - Maintain systems and procedures at market compliant level under the NEL **AND** resolve defects identified as not meeting the TasNetworks corporate strategy, including defects that have an impact on customer service deliverables, safety, predictable and sustainable pricing **AND** include enhancements to support improvements to TasNetworks market processes.

Each option has been assessed with regard to the following criteria:

- Solution effectiveness. Solution effectiveness is tested against the 'Investment Need' (detailed in chapter titled 'Investment Need'). In simple terms, does the option achieve the project objectives?
- Cost.
- Business impact – the selected option will consider the level of change to TasNetworks environment (including during project implementation and post implementation).
- Business Strategic alignment – does the option fulfil the business objectives and current business initiatives (detailed in chapter titled 'Strategic Alignment').
- IT strategic alignment.
- Project complexity – solutions will not be un-necessarily complex. Complexity introduces risk through combination of resource requirements, increased change etc.
- Risk profile – solutions will be risk adverse.
- Ability to achieve compliance – solutions will be fully compliant with all regulatory requirements and applicable industry standards.

- Time – ability to implement within deadline. Solutions will be implemented within a suitable timeframe to ensure compliance (where relevant), minimise disruption to the business and reduce the likelihood of project requirements becoming dated.

6.1 Option Summary

Option 0 – Do Nothing

The option of ‘Do Nothing’ assesses the scenario where this initiative is not approved.

The ‘Do Nothing’ option will eventually require something to be done. If changes in the regulatory environment occur as expected and this initiative does not progress, TasNetworks will need manual workarounds for various field processes. These workarounds will have a cost and will have a negative business impact.

Criteria	Advantages	Disadvantages
Solution effectiveness	N/A	N/A
Cost	No initial CAPEX cost to consider. However, as described under disadvantages there will be a cost!	If changes in the regulatory environment occur as expected and this initiative does not progress, TasNetworks will need manual workarounds for various field processes. These will be manually intensive requiring significant additional staff.
Business impact		Should TasNetworks need manual workarounds; the change impact to the TasNetworks will be significant. Processes will become manually intensive and overly complex.
Business strategic alignment		<p>The business objective ‘<i>we understand our customers by making them central to all we do</i>’ will not be fulfilled due to potential revenue loss and unpredictable pricing.</p> <p>The business objective, ‘<i>enable our people to deliver value</i>’ will not be fulfilled due to potential negative business impacts.</p> <p>The business objectives, ‘<i>we care for our assets, delivering safe and reliable network services while transforming our business</i>’ will not be fulfilled due to issues with compliancy, and risk.</p>

IT strategic alignment	N/A	N/A
Project complexity	N/A	N/A
Risk profile		See chapter titled 'Current Risk Evaluation'.
Ability to achieve compliance		TasNetworks will not have met its regulatory compliance obligations of being part of NEM.
Time – ability to implement within a regulatory deadline	N/A	N/A

Option 1 – Meet compliance and fix defects

Maintain systems and procedures at market compliant level under the NEL AND resolve defects identified as not meeting the TasNetworks corporate strategy, including defects that have an impact on customer service deliverables, safety, and predictable and sustainable pricing.

As this is the preferred option, the scope has already been covered in detail in the chapter titled 'Preferred Option'.

Criteria	Advantages	Disadvantages
Solution effectiveness	This option addresses the investment needs outlined in section 1.	
Cost	This option is the most cost effective option compared with option 2.	
Business impact	With regard to implementation, this option has the least impact to the business compared with option 2. It will only touch those parts of the business that need to be impacted option 2.	This option does not offer opportunity for process improvement, unlike option 2.
Business strategic alignment	It will fulfil the business objectives of <i>'we understand our customers by making them central to all we do', 'we care for our assets, delivering safe and reliable network services while transforming our business'</i> detailed in the chapter titled 'Business Objectives'. It will align with the business	The business objective, <i>'enable our people to deliver value'</i> will not be fulfilled due to process improvement opportunities not being realized.

	initiatives detailed in the chapter titled 'Business Initiative Alignment'.	
IT strategic alignment	<p>TasNetworks market systems are contemporary and built for Australia's NEM. These systems will not be considered at end of life until past 2020.</p> <p>It will be designed to suit TasNetworks work practices and work processes so as to be as efficient and effective as possible without compromise.</p> <p>It will be maintainable and supported.</p> <p>It will be 'fit for purpose'.</p> <p>It will align with current IT infrastructure.</p> <p>It will align with other IT road map initiatives.</p>	
Project Complexity	This option has less complexity compared with Option 2, as it will only touch those parts of the business that need to be impacted unlike option 2	
Risk profile		
Ability to achieve compliance	TasNetworks leverages the expertise and conformity of vendor products designed for NEM market interfaces which ensures compliance with industry standards and regulations.	
Time - ability to implement within a regulatory deadline	Regulatory milestones will be put in place. This option has a shorter implementation timeframe compared with Option 2, as it will only touch those parts of the business that need to be impacted unlike option 2.	

Option 2 – Meet compliance, fix defects, and include enhancements

Maintain systems and procedures at market compliant level under the NEL AND resolve defects identified as not meeting the TasNetworks corporate strategy, including defects that have an impact on customer service deliverables, safety, predictable and sustainable pricing AND include enhancements to support improvements to TasNetworks market processes.

The functional scope for this option goes beyond that described for option 1. In addition to the functional scope described for option 1, it will also include enhancements to support improvement to TasNetworks market processes.

The implementation activities will be more expansive. Key differences in high level activities include:

- TasNetworks will need to have a phase for:
 - The identification and design of processes that can improve TasNetworks market processes.
 - Elicitation of requirements to support new or changed processes.
- The build and test phases will be more expansive than for option 1.
- Training of staff in the new functionality and new 'To Be' processes where relevant, including creation/update of all documentation (administrative or end user).

Criteria	Advantages	Disadvantages
Solution effectiveness	This option addresses the investment needs outlined in section 1.	
Cost		Due to the more expansive scope, it is a higher cost option compared with option 1.
Business impact	This option offers opportunity for process improvement unlike option 1.	With regard to implementation, due to the more expansive scope, the business will need to be more widely engaged.
Business strategic alignment	It will fulfil the business objectives of <i>'we understand our customers by making them central to all we do', 'enable our people to deliver value', 'we care for our assets, delivering safe and reliable network services while transforming our business'</i> detailed in the chapter titled 'Business Objectives'. It will align with the business initiatives detailed in the chapter titled 'Business Initiative	

	Alignment’.	
IT strategic alignment	<p>TasNetworks market systems are contemporary and built for Australia’s NEM. These systems will not be considered at end of life until past 2020.</p> <p>It will be designed to suit TasNetworks work practices and work processes so as to be as efficient and effective as possible without compromise.</p> <p>It will be maintainable and supported.</p> <p>It will be ‘fit for purpose’.</p> <p>It will align with current IT infrastructure.</p> <p>It will align with other IT road map initiatives.</p>	
Project complexity		The complexity of this solution will be higher compared with option 1 due to the more expansive scope.
Risk profile		
Compliance	TasNetworks leverages the expertise and conformity of vendor products designed for NEM market interfaces which ensures compliance with industry standards and regulations.	
Time - ability to implement within a regulatory deadline	Regulatory milestones will be put in place. Process improvements would only be scheduled if these dates were not compromised.	

6.2 Summary of Drivers

The following table compares the options presented with regard to the criteria assessed in the previous chapter.

Criteria	Option 0	Option 1	Option 2
Solution effectiveness	N/A		
Cost			
Business Impact			
Business Strategic alignment			
IT strategic alignment	N/A		
Project complexity	N/A		
Risk profile			
Ability to achieve compliance			
Time - ability to implement within a deadline	N/A		

Key			
Solution effectiveness	Addresses most requirements	Addresses some requirements	Addresses few requirements
Cost	Low	Medium	High
Business Impact	Low	Medium	High
Business strategic alignment	Good alignment	Partial alignment	Poor alignment
IT strategic alignment	Good alignment	Partial alignment	Poor alignment
Project complexity	Low	Medium	High
Risk profile	Low	Medium	High
Ability to achieve compliance	Easy	Moderate	Hard
Time - ability to implement within a deadline	Easy	Moderate	Hard

6.3 Summary of Costs

Option	Total Costs (\$)
0 – Do nothing	No capital expenditure
1 – Market Systems Maintenance (Regulatory changes and defects)	\$3,802,680
2 – Market Systems Maintenance (Regulatory changes, defects and enhancements)	\$6,047,040

6.4 Preferred Option Cost Breakdown

	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
Estimate (\$)	0.25M	1.9M	1.9M	1.9M	1.9M	1.9M	1.9M	1.9M	1.9M	1.9M
Total (\$) 2017-2019	2,151,340									
Total (\$) 2017-2027	17,362,060									

6.5 Summary of Risk

The preferred option addresses Regulatory Compliance, Customer and Financial risks, as analysed utilising the corporate risk matrix, as outlined in TasNetworks Risk Management Framework.

Risk Category	Risk	Impact	Mitigation	Risk Rating
Regulatory Compliance	[REDACTED]	NECF breaches and fines.	Initiative will allow TasNetworks to maintain compliance.	Low
Financial	[REDACTED]	Additional costs.	Initiative will allow TasNetworks to maintain compliance.	Low
Customer	[REDACTED]	Increase in disputes and complaints as well as customers retail bills may be affected.	Initiative will maintain effectiveness of billing and service order systems, this should result in no	Low

			rise in disputes and complaints.	
Financial	[REDACTED]	Business disruption due to resources being tied up with auditing activities.	Initiative will allow TasNetworks to maintain compliance.	Low
Financial	[REDACTED]	Loss of revenue.	Initiative will maintain effectiveness of billing systems.	Low
Financial	[REDACTED]	Ongoing loss of revenue.	Initiative will maintain effectiveness of billing systems.	Low
Customer	[REDACTED]	Increase in disputes and complaints.	Initiative will maintain effectiveness of billing and service order systems, this should result in no rise in disputes and complaints.	Low
Customer	[REDACTED]	Customers without power/services in expected timeframes.	Initiative will maintain effectiveness of service order systems.	Low
Safety & People	[REDACTED]	The CEO and other responsible staff may face jail time as result of compliance breaches.	Initiative results in compliance.	Medium

6.6 Economic analysis

The following NPV calculations have been made over a 10-year period.

Option No.	Option description	NPV	Reason got selection/rejection
0	Do nothing	0	Regulatory implications
1	Market Systems Maintenance	-\$9,318,856	Lowest cost
2	Market Systems Maintenance + enhancements	-\$10,129,221	Greatest cost

6.6.1 Quantitative Risk Analysis

N/A

6.6.2 Benchmarking

N/A

6.6.3 Expert findings

N/A

6.6.4 Assumptions

The following are inclusive of project and financial assumptions.

Assumption ID	Assumption Description
ITA-065	The bi-annual market changes to the B2B and CATS procedures potentially introduce █ FTE resource (█ per annum) worth of manual workarounds per annum. The market systems maintenance project aims to avoid this requirement. Any defect fixes would save an additional █ per annum (█ per annum).
ITA-081	The current Market Systems Maintenance Project aims to rectify billing defects causing losses amounting to approximately █ p.a. It is assumed that this amount would be reduced by half after each year, and each subsequent MSM project due to fewer defects being realised and efficiencies gained.
ITA-088	The alternative option for the Market Systems Maintenance initiative is to include enhancements to the in-scope applications as well as regulatory changes and defect fixes. It is estimated that this is to cost █ per annum, and have the potential to provide efficiencies to the market support team equivalent to █ (per annum).

Section 2 Approvals (Gated Investment Step 2)

Business Unit Review:	██████████	Date	17/06/2015
IT Project Initiator:	██████████	Date	18/05/2015
IT Thread Approved:	██████████	Date	18/05/2015
Manager (Network projects) or Group/Business Manager (Non-network projects):		Date	
[Send this signed and endorsed Summary to the Capital Works Program Coordinator.]			

Project Initiator:		Date:	
Project Manager:		Date:	

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