

Investment Evaluation Summary (IES)



Project Details:

| | |
|---|--------------------------------------|
| Project Name: | Road Light Replace Underground Cable |
| Project ID: | 00589 |
| Thread: | Public Lighting |
| CAPEX/OPEX: | CAPEX |
| Service Classification: | Alternative Control |
| Scope Type: | D |
| Work Category Code: | RLRUC |
| Work Category Description: | Road Light Replace Underground Cable |
| Preferred Option Description: | Replace lighting UG cable |
| Preferred Option Estimate (Nominal Dollars): | \$580,000 |

| | 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 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Estimate (\$) | | | | | | | | | | |
| Total (\$) | \$58,000 | \$58,000 | \$58,000 | \$58,000 | \$58,000 | \$58,000 | \$58,000 | \$58,000 | \$58,000 | \$58,000 |

Governance:

| | | | |
|---------------------------|-------------------|--------------|------------|
| Project Initiator: | Gerard Martindill | Date: | 24/03/2015 |
| 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

TasNetworks has underground switchwire cabling and underground low voltage cabling supplying streetlighting assets. Based on current performance levels and low failures, TasNetworks is not proposing any proactive cable replacement program and will only do so reactively when a fault is identified.

The underground cabling involves cabling from turrets/cabinets to streetlighting standards, cabling to streetlight relays control points and cabling involving switchwire circuits.

1.1 Investment Need

The investment required is to have funds available to enable the replacement of underground roadlighting cabling when required.

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. This engagement seeks in depth feedback on specific issues relating to:

- how it 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)
- Increase 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

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

2. Project Objectives

To replace underground cables associated with public lighting

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. • 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: - the customer, and a strong commitment to delivering services they value - an engaged workplace with strong cultural qualities and people who will be great ambassadors for TasNetworks - a high performing culture with clear accountabilities for deliverables - an appropriate approach to the management and allocation of risk - a well run, efficient business, that delivers sustainable returns to the Tasmanian community and is resilient to future challenges. 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 • Zero harm – significant and reportable incidents • Sustainable cost reduction – efficient operating and capital expenditure

4. Current Risk Evaluation

Do nothing is not an acceptable option to TN's risk appetite. If roadlighting underground cabling is not replaced when required, then TasNetworks would not be able to meet customer needs to provide lighting and will incur non compliance with the AER

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 |
|-------------------|---|------------|-------------|-------------|
| Reputation | Low risk to TN's reputation | Possible | Negligible | Low |
| Safety and People | No real risk to customer No safety risk | Possible | Negligible | Low |

Section 1 Approvals (Gated Investment Step 1)

| | | | |
|---|-------------------|--------------|------------|
| Project Initiator: | Gerard Martindill | Date: | 24/03/2015 |
| 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:

To replace underground cables associated with public lighting

5.1 Scope

Replace cables as identified by the Road Lighting UG Cable Inspection & Monitoring

5.2 Expected outcomes and benefits

Maintain a safe and reliable network.

Assets replaced according to condition and risk based assessment criteria.

5.3 Regulatory Test

6. Options Analysis

6.1 Option Summary

| Option description | |
|----------------------|---------------------------|
| Option 0 | Do nothing |
| Option 1 (preferred) | Replace lighting UG cable |

6.2 Summary of Drivers

| Option | |
|----------------------|--|
| Option 0 | Unable to replace fault lighting cable - resulting in customer safety issue - no lighting available. |
| Option 1 (preferred) | Reduces unplanned outages Retain ability to supply lighting infrastructure |

6.3 Summary of Costs

| Option | Total Cost (\$) |
|----------------------|-----------------|
| Option 0 | \$0 |
| Option 1 (preferred) | \$580,000 |

6.4 Summary of Risk

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

| Option | Risk Assessment |
|----------|-----------------|
| Option 0 | Low |
| Option 1 | Low |

6.5 Economic analysis

| Option | Description | NPV |
|----------------------|---------------------------|-----|
| Option 0 | Do nothing | \$0 |
| Option 1 (preferred) | Replace lighting UG cable | \$0 |

6.5.1 Quantitative Risk Analysis

A quantitative risk analysis has not been completed for this item.

6.5.2 Benchmarking

Benchmarking has not been completed for this item.

6.5.3 Expert findings

There are no expert findings to report on this project.

6.5.4 Assumptions

Section 2 Approvals (Gated Investment Step 2)

| | | | |
|---------------------------|-------------------|--------------|------------|
| Project Initiator: | Gerard Martindill | Date: | 24/03/2015 |
| Project Manager: | | Date: | |

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