

Prescribed Capital Investment Procedure

Summary

This procedure describes the capital investment procedure used by TransGrid to deliver prescribed transmission services.

Document Control

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1. Purpose

This document sets out the capital investment procedure used by TransGrid to deliver prescribed transmission services. It applies to the initial identification of needs and opportunities through to issue of the Project Approval Document (PAD) and sets out the following key matters:

- > the requirements:
 - to identify and quantify the expected business benefits (risk reductions, savings and/or other revenues) from making investments to address the need and/or opportunity
 - to identify the network and non-network options for addressing the need and/or opportunity
 - to identify whether the Regulatory Investment Test for Transmission (RIT-T) under the National Electricity Rules (NER) applies to the project and the form of regulatory consultation required
 - at the Project Commencement (DG1) and Project Approval (DG2) Decision Gates within the procedure and
- > the accountabilities and responsibilities of staff in relation to the above tasks.

2. Scope

The scope of this procedure is all capital investments required for TransGrid to deliver prescribed transmission services including:

- > network-related investments comprising all transmission line, underground cable, primary and secondary (including Operational Technology) systems, communication systems, non-network, property and facilities investments
- > information technology (IT) investments comprising corporate and Support the Business IT investments and
- > fleet investments.

The procedure is an artefact of the Prescribed Capital Investment Framework. That framework addresses:

- > how TransGrid establishes what is of value to the business when making decisions to invest in prescribed assets
- > the procedure for optimising the prescribed investment portfolio
- > the criteria applicable to those decisions
- > how the relevant evidence is collected and analysis, including the quantification of benefits, is carried out and
- > how the expected benefits are identified, tracked and reported.

The Prescribed Capital Investment Governance Arrangements identifies the structures and individuals accountable for making the investment decisions.

The Prescribed Capital Investment Benefits and Optimisation Procedure sets out how the expected benefits are identified, tracked and reported as well as the process for optimising the overall investment portfolio.

The Prescribed Capital Investment Assessment Guideline sets out the criteria used to make the investment decisions as well as how the quantification of benefits, is carried out.

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3. Definitions

Term	Definition
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
Augmentation	Works to enlarge an asset or increase its performance capability
Concept Owner	The designated strategy manager for the relevant asset. For network augmentation needs and/or opportunities, M/PSA is the Concept Owner until the project has been finalised. At that point, the commissioned asset becomes the responsibility of M/AS. For IT projects, the Concept Owner is the IT Project Delivery Manager (IPDM) and, for fleet projects, it is the Fleet Manager.
Decision Gate (DG)	A decision point in the investment decision-making governance process. The corporate governance framework requires appropriate approvals, properly documented and supported, to be given at these Gates prior to moving to the next stage of the project
Identified Need and/or Opportunity	The basis on which TransGrid would make an asset investment
Information Technology Investments (IT)	All corporate and Support the Business IT investments
NEM	National Electricity Market
NER	National Electricity Rules
Network	TransGrid substations, transmission lines, underground cables, protection, metering, communications and control assets that form the high voltage transmission system
Network Constraint	A technical limit on the transmission network that cannot be exceeded without the risk of unacceptable consequences
Network related Investments	All transmission line, underground cable, primary and secondary (including Operational Technology) systems, communication systems, non-network, property and facilities investments
Non-Network Investments	Investments to relieve network constraints and/or meet reliability prescribed service obligations that do not necessarily involve the construction of transmission assets. These can include generation and/or demand management investments.
Portfolio	The set of all prescribed investment projects and programs
Program	A set of projects designed to address a common need and/or opportunity
Project	A proposed investment designed to address a need and/or opportunity

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Term	Definition
RIT-T	Regulatory Investment Test-Transmission. An economic test promulgated by the AER in accordance with clause 5.16 of the NER. The RIT-T consultation process is outlined in Attachment 1.
Strategic Property Acquisition	Property or easement acquisition in advance of the network project timeline, in order to ensure a viable option is maintained for an identified or future need

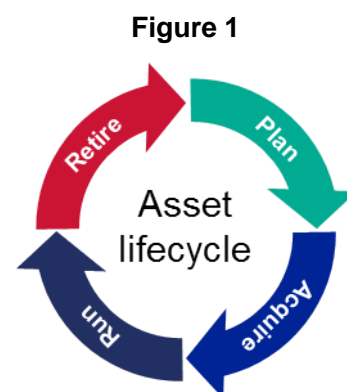
4. Procedure

The asset lifecycle consists of four key phases (Figure 1) comprising the eight stages shown in Figure 2.

The investment decision-making component of the lifecycle comprises two milestones referred to as Decision Gates (DGs):

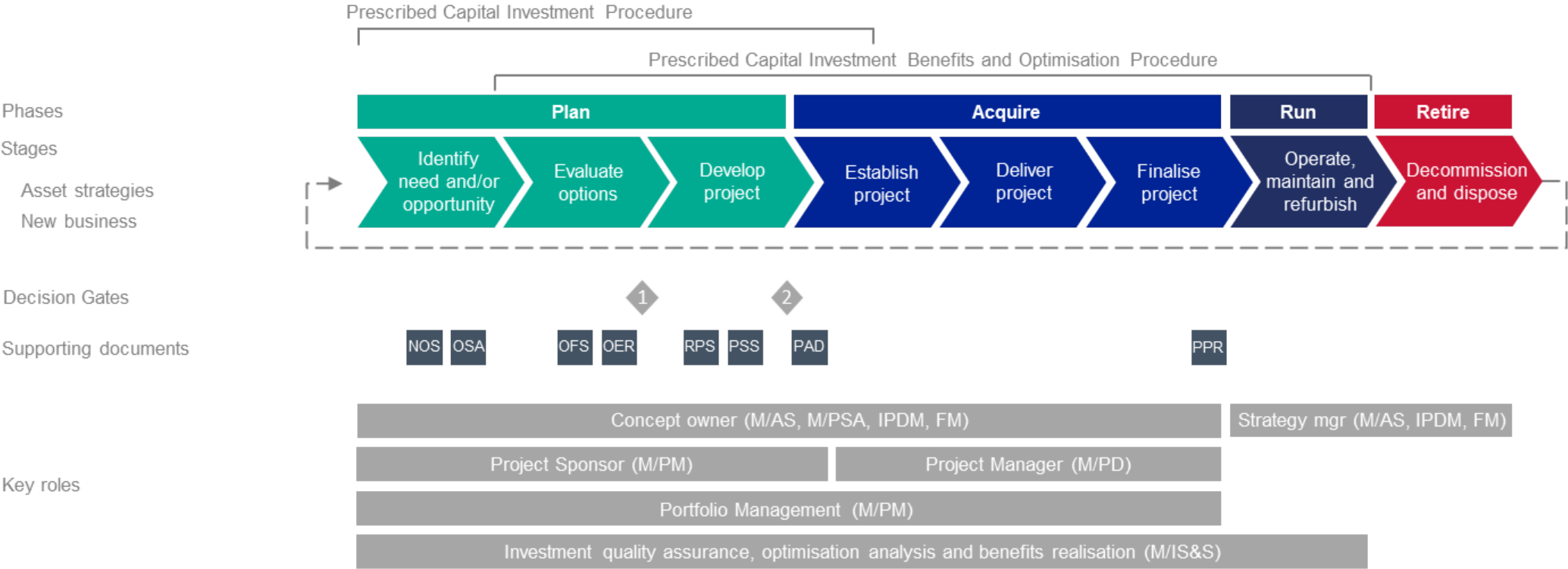
- > DG1 – Project Commencement
- > DG2 – Project Approval

The first three lifecycle stages and the two Decision Gates are within the scope of this Procedure. The key roles are described in Section 6 further below.



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Figure 2 — Asset lifecycle phases and stages



Documentation

Appropriate documentation is required to support each investment decision. The types of documentation are described in Table 1.

Table 1 – documentation types

Document	Function
Need and/or Opportunity Statement (NOS)	Sets out why a particular asset-related investment is being proposed. It will include an assessment of the risks that give rise to the need and/or savings and other benefits that give rise to the opportunity. It will also provide an indicative date to the address the need or capture the opportunity
Options Screening Assessment (OSA)	Briefly summarises potential options to address a need and/or opportunity generated as part of an options workshop, identifying those options which require further study and those which can be discarded or screened at that point. Formally requests desktop reviews (Option Feasibility Studies) to determine the likely feasibility and high level cost for all nominated options that have not been discarded at the screening stage.
Option Feasibility Study (OFS)	Responds to an OSA with a desktop review to determine likely feasibility and high level cost for a nominated option. A separate OFS is required for each option identified for further study in an OSA.
Options Evaluation Report (OER)	Summarises the need and/or opportunity, the options available to address that need and/or opportunity and the technical and commercial evaluation of those options
Project Commencement (DG1)	Selects the most technically and commercially efficient solution to address the need and/or opportunity based on a desktop evaluation of the nominated options. Further work will be required to fully scope, and confirm the feasibility and costing of, the project. DG1 provides approval for a range of activities including preliminary design work, community consultation, environmental assessments, property acquisition and RIT-T, as appropriate. These should be either completed or significantly advanced prior to DG2. Costs should be estimated to a +/-25% accuracy
Request for Project Scoping (RPS)	Formal request to investigate the scope of a preferred option
Project Scoping Study (PSS)	Responds to an RPS with a detailed scoping report
Project Approval (DG2)	Confirms selection of the option demonstrated to be the most technically and commercially efficient solution to address the need and/or opportunity and provides full approval to proceed with the project. Costs should be estimated to a P50 level of accuracy
Project Approval Document (PAD)	Defines what is to be constructed and/or delivered.

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The documentation required for each investment type is summarised in Table 2. The remainder of this section sets out the full process and documentation required for major network-related investments with an estimated cost of over \$1 million. Processes for other investment types are explained in section 5. Section 6 sets out process and documentation accountabilities.

Table 2 — documentation required for all investment types

Type	Process	Network-related	IT and fleet
Major	Full	>\$1m Full set	>\$1m Full set less RPS (no options documentation as appropriate)
Minor or sole option	Partial	\$0.5m-1m or sole option NOS→DG1→RPS→PSS→PAD	\$0.25m-1m or sole option NOS→DG1→PSS→PAD
Small	Expedited	<\$0.5m NOS→DG1→PSS _{lite} →PAD	<\$0.25m NOS→DG1→PAD

The content of each type of document is described in terms of general principles. The specific content may vary on a case-by-case basis.

4.1 Identify need and/or opportunity

All investments must address an identified business need and/or opportunity. This stage develops the case for the need and/or opportunity which is set out in the form of a Need and/or Opportunity Statement (NOS).

Needs are where there is an unacceptable level of risk associated with delivering prescribed services. Investments are made in order to reduce the risk to an acceptable level. Needs must therefore be described in terms of risks and not solutions. The categories of risk are defined in the Risk Management Framework, namely: system (reliability), financial, operational, people (safety), environmental and reputational. There are two broad kinds of network-related needs: augmentations (planning) and refurbishments, replacements and disposals (asset strategy).

Opportunities are about reducing costs and/or delivering other benefits. They differ from needs in that existing risk levels may be acceptable but the investment reduces the associated costs and/or delivers other benefits. The investment may have an incidental impact on related asset risk profiles.

An investment may address elements of both need and opportunity.

Before developing the NOS, the need and/or opportunity should be registered in the appropriate Portfolio Management system including the following details:

- > identifies the asset or assets
- > identifies the concept owner
- > provides a brief description of the need and/or opportunity¹
- > identifies the relevant AER project reason or category (see Attachment 2)
- > states need and/or opportunity date and
- > references supporting documentation².

¹ Unlike needs, opportunities are typically driven or accompanied by a potential solution. A brief description of the potential solution may be included as part of the project description.

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The NOS should describe needs in terms of risks, not solutions. As opportunities are typically driven or accompanied by a potential solution, the description of the opportunity may include a description of that potential solution.

For needs, the NOS must include a quantification of the pre-investment asset risk (the risk cost). It will not always be the case that the assessments of the risks, costs and benefits and dates will be certain and/or complete at this stage in the investment decision-making process. Where not, they must reflect expert judgement based on the best available evidence. Doing so provides a starting point for discussing options and sensitivities. Where opportunities are expected to have an incidental risk impact, this should be explained and the risk cost stated.

The NOS should also identify any related needs and/or opportunities³.

Once the NOS is submitted and approved, this stage is completed by:

- > conducting a workshop with relevant internal stakeholders to identify at a high level potentially feasible options for addressing the need and/or opportunity. These will be assessed as part of the Evaluate Options stage
- > assessing the budget for progressing the project through the investment decision-making process
- > establishing high level milestone dates.

An Options Screening Assessment (OSA) captures the outcomes of the workshop. It:

- > identifies the high level set of all potentially feasible options including, where appropriate, non-network options
- > sets out costs estimates within $\pm 40\%$ for those options
- > requests the preparation of desktop evaluation of those options and
- > identifies those options that were considered non-feasible and sets out the reasons why.

Key tasks, accountabilities and responsibilities to develop a need and/or opportunity are set out in Table 3.

Table 3 – tasks, accountabilities and responsibilities

Task	Accountability	Responsibility
Complete analysis and gather supporting information to identify need and/or opportunity	Concept Owner	Concept Owner delegate
Register need and/or opportunity	Concept Owner	Concept Owner delegate
Assign Project Sponsor	M/PM	M/PM delegate
Complete and submit NOS	Concept Owner	Concept Owner delegate
Approve NOS	Concept Owner	Concept Owner
Conduct options screening workshop	M/PM	M/PM delegate
Complete and issue OSA	Concept Owner	Concept Owner delegate

² These may include documents such as planning studies, asset strategies and/or condition assessments. The documents should identify the relevant service level, performance requirement or standard. It may not be the case that all of the documentation required is complete at the time a need and/or opportunity is identified. However, it should be completed by the time the NOS is submitted.

³ What comprises a set of related needs and/or opportunities depends on the context. For example, it may be defined by reference to an asset strategy, a program of works, a common asset class or component, type of risk, geographic location, need date and/or resources to be used to address those needs and/or opportunities.

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Task	Accountability	Responsibility
Develop budget and establish high level milestone dates	M/PM	M/PM delegate
Update portfolio	M/PM	M/PM delegate

Outputs from this stage are:

- > an approved NOS including, where relevant, quantified pre-investment risk costs
- > an OSA
- > budget inputs
- > high level project milestones
- > an updated portfolio.

4.2 Evaluate options

This stage focuses on developing and undertaking a desktop evaluation of the options identified to address the need and/or opportunity. The evaluation should establish the technical feasibility and commercial efficiency of each option with the most commercially efficient, technically feasible option becoming the preferred option to be developed as a project in the Develop Project stage.

Both the technical feasibility and commercial evaluation must be supported by appropriate evidence. For needs or where there are risk implications for opportunities, the commercial evaluation should include an assessment of the post-investment risk costs for each technically feasible option.

Importantly, commercial assessments made for the purpose of deciding whether to include investments as part of a regulated revenue proposal by TransGrid to the Australian Energy Regulator (AER) should be assessed on an economic basis consistent with the requirements of the NER and relevant AER guidelines. All commercial assessments should follow the Prescribed Capital Investment Assessment Guideline.

This stage involves:

- > for each high level potential option identified in the OSA as requiring further study, conducting a desktop review and summarising the results in an Option Feasibility Study (OFS)
- > summarising the results of all such reviews in an Options Evaluation Report (OER) and
- > submitting a Project Commencement (DG1) paper seeking approval to develop the preferred option as a project.

At this stage, cost estimates should be within $\pm 25\%$.

Key tasks, accountabilities and responsibilities to evaluate a need and/or opportunity are set out in Table 4.

Table 4 – tasks, accountabilities and responsibilities

Task	Accountability	Responsibility
Conduct options analysis and complete and submit OFS	M/PM, M/IS&S, IPDM, FM	Delegates and other staff as appropriate
Approve OFS	M/PM	M/PM delegate
Conduct commercial evaluation and complete and submit OER	Concept Owner	Concept Owner delegate
Approve OER	Concept Owner	Concept Owner

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Task	Accountability	Responsibility
Draft and submit Project Commencement (DG1) paper	M/PM, IPDM, FS	M/PM delegate, IPDM delegate, FS delegate
Approve Project Commencement (DG1)	EGM/AM, CFO, EGM/FS, CEO, Board	EGM/AM, CFO, EGM/FS, CEO, Board

Outputs from this stage are:

- > approved OFSs
- > an approved OER and
- > Project Commencement approval (approved DG1 paper).

4.3 Develop project

This stage focuses on developing the preferred option into a project that can be established and delivered. As appropriate, it encompasses:

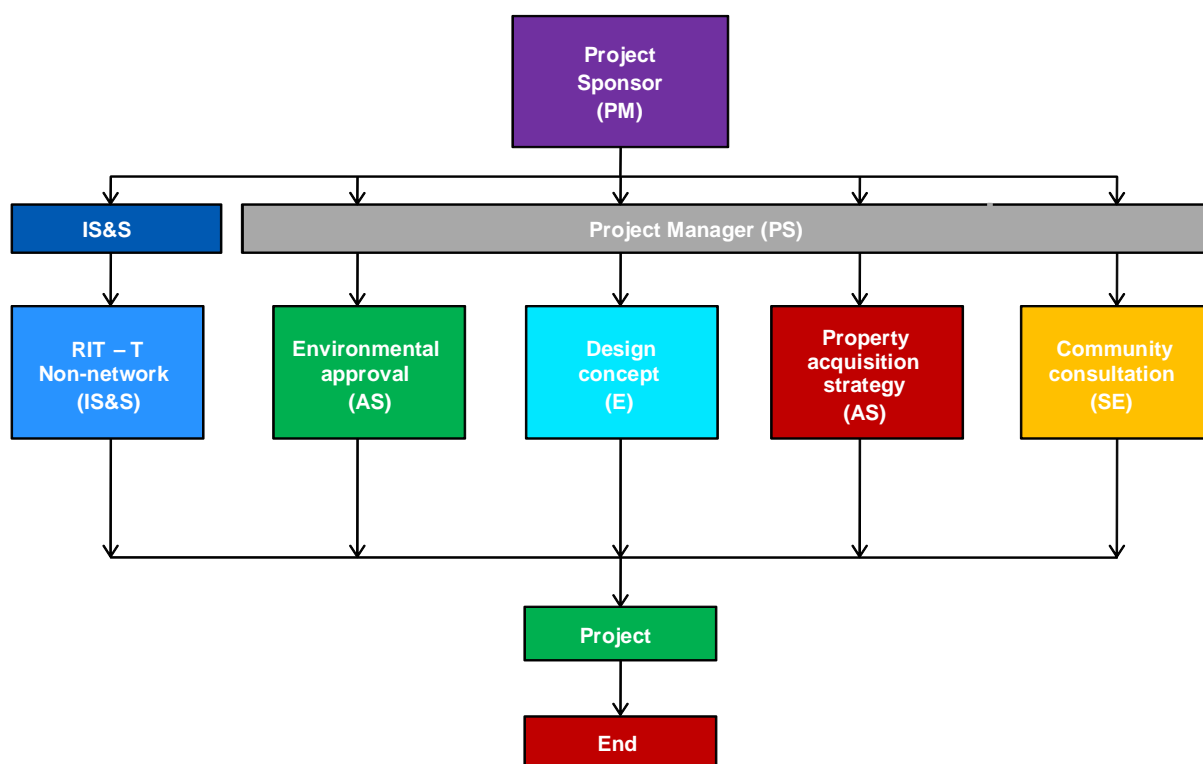
- > development of the preliminary design
- > completion of the Project Scoping Study (PSS)
- > determining the procurement requirements
- > initiation of planning and environmental approvals
- > initiation of property acquisitions
- > the commencement and completion of the RIT-T and
- > development of the stakeholder engagement plan.

During this stage:

- > for network-related projects, co-ordinating the cross-functional aspects of the project resides with Manager/Project Support with process oversight by Portfolio Management. The various decision streams proceed largely in parallel with the critical path varying depending on the nature of the project and the risks being managed (see Figure 3 below) and
- > for IT and fleet projects, co-ordinating any cross-functional aspects resides with the IT Program Delivery Manager and Fleet Manager, respectively, with process oversight by Portfolio Management.

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Figure 3 – Develop Project stage network-related project streams



For network-related projects, this stage commences with the Request for Project Scoping (RPS) and concludes with Project Approval (DG2) being successfully passed, resulting in the project being approved. For IT and fleet projects, an RPS is normally not required.

Cost estimates (base cost plus project risk contingency) at this point should be P50 (have a 50% probability of being achieved).

Key tasks, accountabilities and responsibilities to develop a project are set out in Table 5.

Table 5 – tasks, accountabilities and responsibilities

Task	Accountability	Responsibility
Complete and submit RPS	M/PM	M/PM or delegate
Approve and issue RPS	M/PM	M/PM delegate
Quantify market benefits	M/PSA	M/PSA delegate
Undertake RIT-T	M/IS&S	M/IS&S delegate
Initiate planning and environmental approvals	M/AS	M/AS delegate
Develop and undertake stakeholder engagement plan	M/SE	M/SE delegate
Initiate property acquisition	M/AS	M/AS delegate
Scope non-network options	M/IS&S	M/IS&S delegate
Complete and submit PSS	M/PS, IPDM, FM	M/PS delegate, IPDM delegate, FM delegate

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Task	Accountability	Responsibility
Determine preferred delivery strategy and initiate preparatory work	M/PD, IPDM, FM	M/PD delegate, IPDM delegate, FM delegate
Complete preliminary design	M/E, IPDM, FM	M/E delegate, IPDM delegate, FM delegate
Evaluate procurement requirements	M/P	M/P delegate
Approve PSS	M/PD, IPDM, FM	M/PS, IPDM, FM
Accept PSS on Asset Management's behalf	M/AS	M/AS delegate
Identify any remaining risk mitigation actions	Concept Owner	Concept Owner delegate
Prepare and submit Project Approval (DG2) paper including Benefits Plan	M/PM, IPDM, FM	M/PM delegate, IPDM delegate, FM delegate
Approve Project Approval (DG2)	EGM/AM, CFO, EGM/FS, CEO, Board	EGM/AM, CFO, EGM/FS, CEO, Board
Register project Benefits Profile	M/PM	M/PM delegate
Complete and issue PAD	M/PM, IPDM, FM	M/PM, IPDM, FM

Outputs from this stage are:

- > RPS
- > RIT-T consultation documents
- > submissions to RIT-T consultation and TransGrid's responses (if any)
- > responses to stakeholder submissions
- > PSS
- > Project Approval (approved DG2 paper)
- > the project Benefits Profile and
- > PAD.

The Prescribed Capital Investment Assessment Guideline is to be applied when the project is considered under the RIT-T using an economic business case assessment. That analysis entails the calculation of the net present value (NPV) of the net market benefits associated with each credible option across a range of scenarios. Projects subject to the RIT-T must follow the process set out in the RIT-T Procedure, the AER Guidelines and the NER.

4.4 Establish Project

While this stage does not form part of the scope of this Procedure, a number of activities are undertaken to award construction and procurement contract(s) which will establish the project budget and project resourcing and timelines. M/PM will monitor projects from a portfolio perspective.

For network-related projects, the stage begins with a formal handover to M/PD for development of the project to Final Scope and Estimate. This detailed work leads into the tender documentation and evaluation phase, resulting in TransGrid ultimately being ready to award contract(s) at the end of this stage. There is no formal handover for IT and fleet projects which continue to be developed by the IPDM and FM, respectively.

Key tasks, accountabilities and responsibilities to establish a project are set out in Table 6.

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Table 6 – tasks, accountabilities and responsibilities

Task	Accountability	Responsibility
Handover project and update M/PD	M/PM	M/PM delegate
Establish project activities	M/PD, IPDM, FM	M/PS delegate, IPDM delegate, FM delegate
Prepare and submit approval to enter into contract	M/PD, IPDM, FM	M/PS delegate, IPDM delegate, FM delegate
Approval to enter into contract	EGM/AM, CFO, EGM/FS, CEO, Board	EGM/AM, CFO, EGM/FS, CEO, Board

Outputs from this stage are:

- > project plan
- > work packages
- > design for tender
- > final scope and estimate
- > tender documentation
- > tender evaluation paper and
- > approval to enter into contract.

4.5 Strategic property acquisition

Strategic property acquisition is property or easement acquisition in advance of a network-related project's timeline in order to secure property rights for an identified or likely future need and/or opportunity. Strategic property acquisition may be driven by the need to secure property at reasonable cost for an identified need and/or opportunity or the need to secure property in a heavily constrained area for a likely future need and/or opportunity.

Strategic property acquisition may be carried out with a suitable justification, taking into account factors including:

- > the likely need and timing of the proposed project
- > the possibility that options are available that satisfy the project need without acquiring the specified land
- > the scarcity of land
- > the rate of land development and
- > the implication of purchasing specified land that may not be required.

4.6 Stakeholder engagement

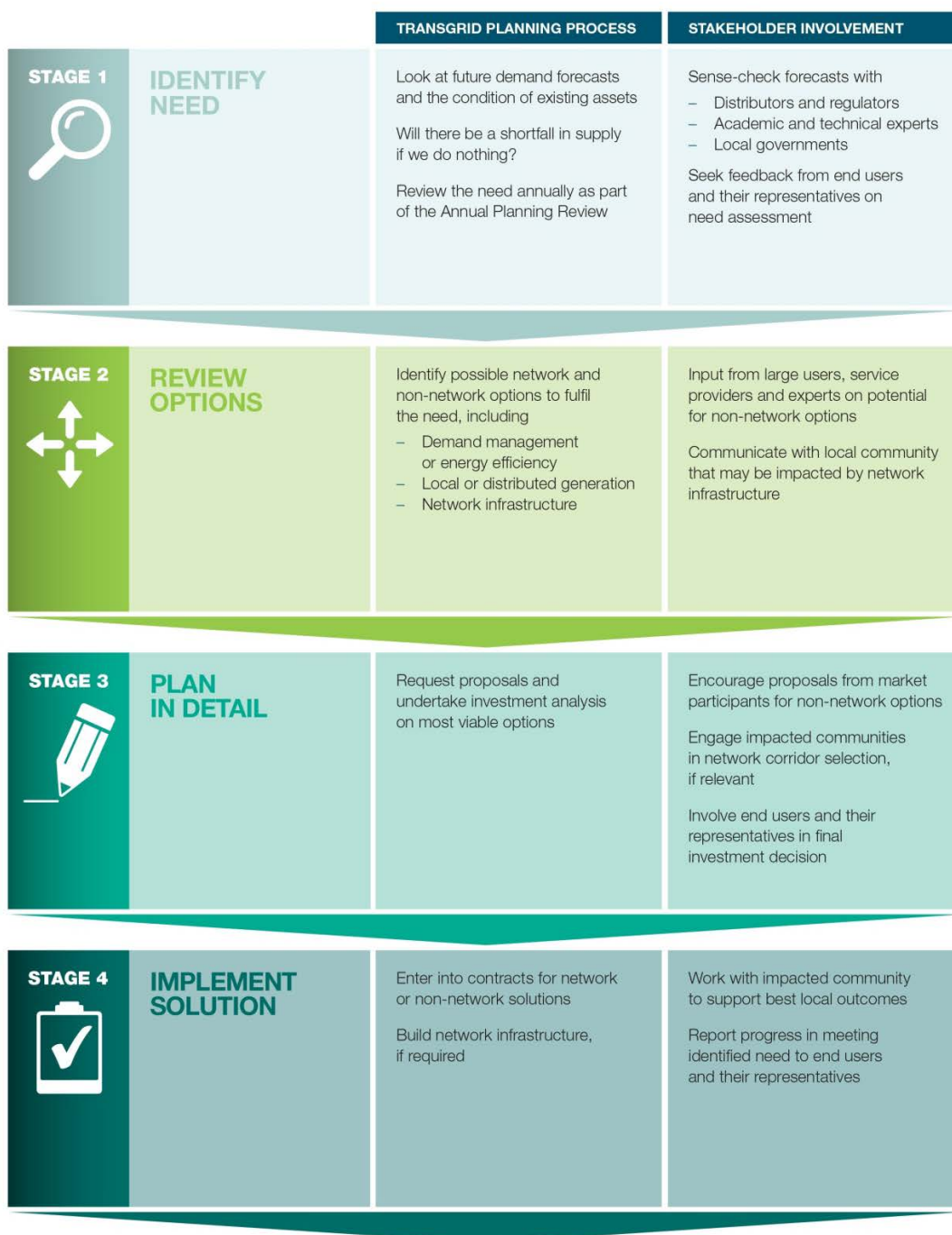
For network-related projects, it is important to engage with stakeholders at an appropriate level of detail throughout the entire project lifecycle. Figure 4 provides an overview of how stakeholder engagement is embedded within the procedure.

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Figure 4 – Summary of stakeholder engagement approach for network-related projects

HOW TRANSGRID PLANS THE NETWORK

For transmission line, underground cable and substation works



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5. Variations to full process

The full procedure and documentation may not be required for all investments and may be varied in accordance with the following sub-sections. These variations enhance the efficiency of the process without compromising the selection and delivery of a prudent project scope.

5.1 IT and fleet investments over \$1m

Major IT and fleet investments (that is, where total project expenditure is estimated to be more than \$1 million) should follow the full process without the RPS. The process may skip the options evaluation steps (OSA, OFS and OER) if it is reasonably clear that there aren't materially different technical solutions requiring investigation.

5.2 Minor or sole option investments

Where a network-related investment is minor in nature (that is, total project expenditure is estimated to be between \$1 million and \$0.5 million) or where there is only one realistic option, the options feasibility and evaluation steps is not required. However, the DG1 paper must include a commercial evaluation.

For investments of these types, the following process shall apply:

- > completion of a NOS
- > Project Commencement (DG1)
- > completion of an RPS and PSS
- > Project Approval (DG2) and
- > issue of a PAD.

The same process may apply without the need for an RPS for IT or fleet investments that are minor in nature (that is, total project expenditure is estimated to be between \$1 million and \$250,000) or where there is only one realistic option.

The key process that may not apply to such investments is the options evaluation process (OSA, OFS and OER). In such cases,

5.3 Small investments

Where a network-related investment has a total expenditure estimated to be less than \$0.5 million, the following process shall apply:

- > completion of a NOS
- > Project Commencement (DG1)
- > completion of a PSS_{lite} and
- > issue of a PAD.

A PSS_{lite} is effectively the same content and level of detail as the Executive Summary of a standard PSS.

IT and fleet investments with total expenditure estimated to be less than \$250,000 follow the same process but without the need for a PSS and the Chief Information Officer (CIO) or EGM/Field Services, respectively, may approve the business case (DG1).

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6. Accountability

Title	Accountabilities
Executive General Manager/Asset Management (EGM/AM)	<ul style="list-style-type: none"> > supervision of the overall network investment procedure within TransGrid including its application to network-related, IT and fleet investments > approval of, or submission to the CEO or Board of, Project Commencement (DG1) and Project Approval (DG2) for network-related projects in accordance with Financial and Process Authorities > approval of regulatory consultation documents
Manager/Portfolio Management (M/PM)	<ul style="list-style-type: none"> > day to day management of the prescribed investment process > compiling, optimising, maintaining and reporting on the portfolio > conducting need and/or opportunity workshops > approval of OFSs, RPSs and PADs for network-related projects > endorsement of OSAs, OERs, PSSs and Project Commencement (DG1) and Project Approval (DG2) papers for network-related projects and PADs for IT and fleet projects > register project Benefits Profile in Benefits Register <p>M/PM has oversight of the first four stages of the procedure, from Identify Need and/or Opportunity to Develop Project. When a project passes DG2 and moves into the Establish Project stage, M/PM assumes responsibility for the project governance role. For network-related projects, M/PS takes responsibility for delivery of the project through to the end of the Finalise Project stage. For IT and fleet projects, IPDM and Fleet Manager, respectively, take delivery responsibility to the end of the Finalise Project stage</p>
Manager/Asset Strategies (M/AS)	<ul style="list-style-type: none"> > all network-related asset strategies > development of plans, analysis and supporting evidence for network-related asset replacements, refurbishments, decommissioning and disposals > approval of NOSs, OSAs and OERs in relation to the above projects > endorsement of RPSs, PADs and Project Commencement (DG1) and Project Approval (DG2) papers in relation to the above projects > acceptance on Asset Management Business Units' behalf of PSSs in relation to the above projects > obtaining network-related planning and environmental approvals > conducting network-related property acquisitions
Manager/Power System Analysis (M/PSA)	<ul style="list-style-type: none"> > network planning > development of analysis and supporting evidence for network augmentations > approval of NOSs, OSAs and OERs in relation to network augmentations > endorsement of RPSs, PADs and Project Commencement (DG1)

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Title	Accountabilities
	<p>and Project Approval (DG2) papers in relation to network augmentations</p> <ul style="list-style-type: none"> > acceptance on Asset Management Business Units' behalf of PSSs in relation to network augmentations
Manager/Investment Strategy and Solutions (M/IS&S)	<ul style="list-style-type: none"> > the Prescribed Capital Investment Framework and all supporting documents, templates and tools > quality assurance of all documentation > production of non-network OFSs > endorsement of OSAs, OERs and papers for Project Commencement (DG1) and Project Approval (DG2) > business impact analysis to support portfolio optimisation > tracking and reporting benefits realisation > RIT-T consultation process and production of relevant documentation
Concept Owner delegate (AS, PSA, IPD and Fleet as appropriate)	<ul style="list-style-type: none"> > identifying the need and/or opportunity > production of NOSs, OSAs and OERs (network-related projects) > production of NOSs, OSAs, OFSs, OERs, PSSs and Project Commencement (DG1) and Project Approval (DG2) papers (IT and fleet projects) > ensuring the on-going currency of the relevant need and/or opportunity and fitness for purpose of the preferred option/project
Project Sponsor delegate	<ul style="list-style-type: none"> > managing the initiation, co-ordination, tracking and reporting of specific projects > production of OFSs, RPSs, PADs and Project Commencement (DG1) and Project Approval (DG2) papers for network-related projects
Project Manager	<ul style="list-style-type: none"> > manage the co-ordination and delivery of specific projects from the Establish Project through to Finalise Project stages
Manager/Project Delivery	<ul style="list-style-type: none"> > manage the co-ordination and delivery of all portfolio projects from the Establish Project through to Finalise Project stages > approve PSS for network-related projects
Manager/Project Support	<ul style="list-style-type: none"> > complete and submit PSS for network-related projects
Chief Financial Officer (CFO)	<ul style="list-style-type: none"> > approval of, or submission to the CEO or Board of, Project Commencement (DG1) and Project Approval (DG2) for IT projects in accordance with Finance and Process Authorities
IT Program Delivery Manager (IPDM)	<ul style="list-style-type: none"> > development of plans, analysis and supporting evidence for IT-related projects > approval of NOSs, OSAs, OFSs, OERs and PSSs for IT-related projects > endorsement of PADs and Project Commencement (DG1) and Project Approval (DG2) papers in relation to IT-related projects
Chief Information Officer (CIO)	<ul style="list-style-type: none"> > approval of Project Commencement (DG1) for IT-related projects with total expenditure expected to be less than \$250,000
Executive General Manager/Field	<ul style="list-style-type: none"> > approval of, or submission to the CEO or Board of, Project Commencement (DG1) and Project Approval (DG2) for fleet

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Title	Accountabilities
Services (EGM/FS)	projects in accordance with Finance and Process Authorities
Fleet Manager (FM)	<ul style="list-style-type: none"> > development of plans, analysis and supporting evidence for fleet projects > approval of NOSs, OSAs, OFSs, OERs and PSSs for fleet projects > endorsement of PADs and Project Commencement (DG1) and Project Approval (DG2) papers for fleet projects
Manager/Engineering	<ul style="list-style-type: none"> > network-related project design
Manager/Stakeholder Engagement	<ul style="list-style-type: none"> > develop and undertake project stakeholder engagement plan
Manager/Procurement	<ul style="list-style-type: none"> > evaluate project procurement requirements

7. Implementation

Changes outlined in this procedure are to be implemented through presentations by M/IS&S to the relevant internal stakeholders.

8. Monitoring and review

The application of this procedure will be monitored and, at least once every calendar year, reviewed by the Executive Investment Committee (EIC).

9. Change history

Revision no	Approved by	Amendment
6	Gerard EGM/AM Reiter,	Updated to remove Decision Gates 0 and 3 and revise RACI
5	Gerard EGM/AM Reiter,	Updated to reflect the corporate restructure, new Prescribed Investment Framework and new corporate template
4	Stephen EGM/NPP Clark,	Updated to changed responsibilities as outlined in Table 1. Various editorial amendments.
3	Stephen EGM/NPP Clark,	<p>The following amendments have occurred from Revision 2.</p> <ul style="list-style-type: none"> > a revised capital management process as outlined in Figure 1 > inclusion of the options evaluation phase including OFRs, OFSs and OERs > change from two decision gates to four decision gates > Project Scope Report replaced by RPS, Feasibility Study replaced by PSS and Project Definition Report replaced by PAD > updated Organisational Changes and GM Titles and > new section 5 on variations to full process

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10. References

National Electricity Rules

Financial Investment Policy

Prescribed Capital Investment Framework

Prescribed Capital Investment Governance Arrangements

Prescribed Capital Investment Benefits and Optimisation Procedure

Prescribed Capital Investment Assessment Guideline

RIT-T Procedure

Risk Management Framework

Benefits Management Framework

Asset Management Framework

Financial and Process Authorities

11. Attachments

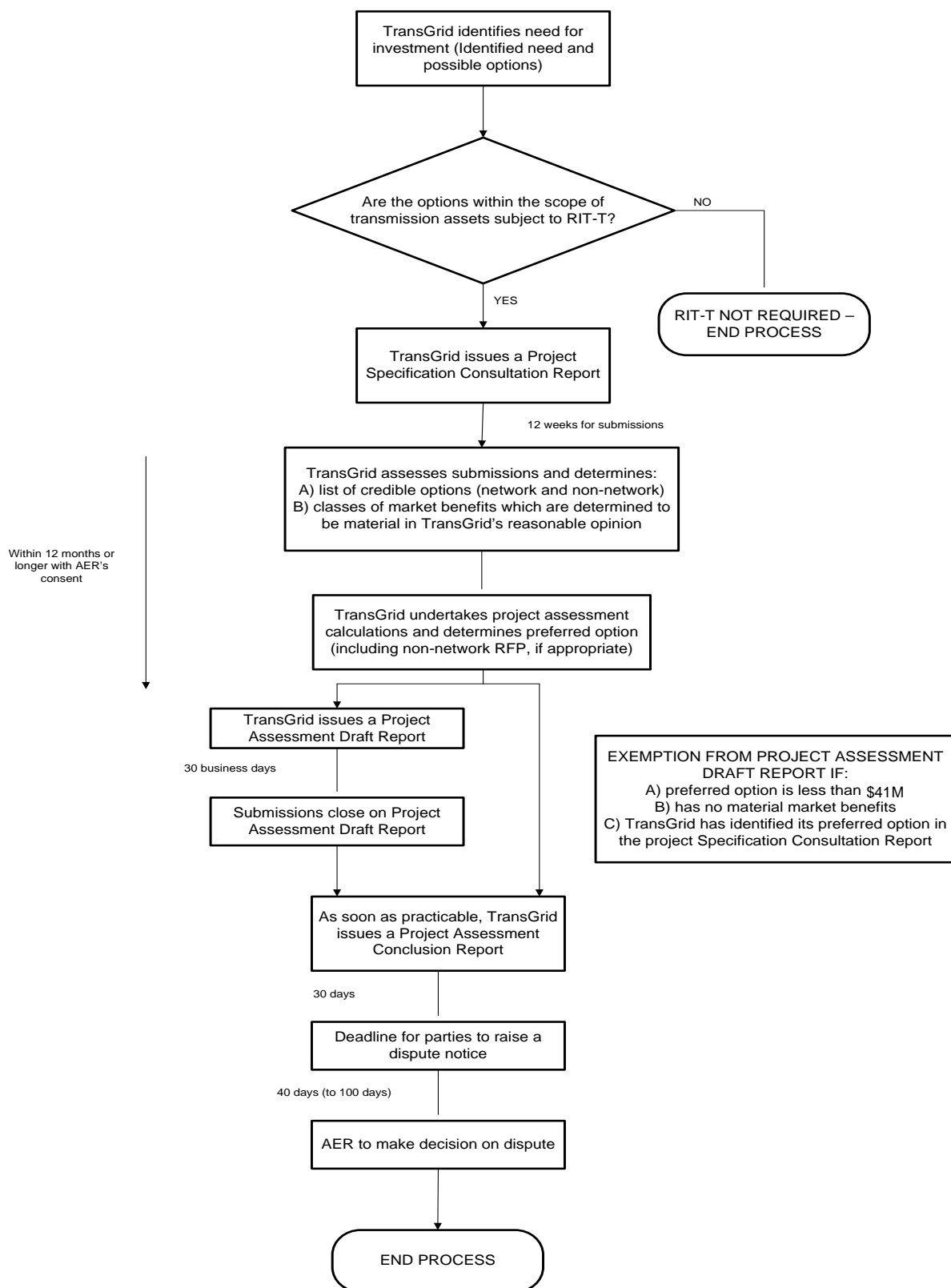
Attachment 1 — RIT-T consultation process

Attachment 2 — AER project reasons and categories

Attachment 3 — RACIs

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Attachment 1 – RIT-T consultation process



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Attachment 2 – AER project reasons and categories

Project reasons

- > Capability
 - Asset replacement for end of life condition
 - Obsolescence/manufacture support withdrawn
 - Improved asset management
- > Economic efficiency
 - Network development to achieve market benefits
- > Imposed standards
 - SCADA installation to meet NER requirement
 - Quality of supply installation to meet NER requirements
 - Control systems to meet NER requirements
 - Communications systems to meet AEMO requirements
 - Equipment upgrade to meet AEMO requirements
- > Reliability
 - To meet connection point reliability requirements
 - To meet overall network reliability requirements
- > Other
 - Customer request
- > Compliance
 - Regulatory obligation
 - PCB contaminated
 - Security
- > ICT
 - ICT asset upgrade or replacement
 - ICT augmentation
- > Support the business
 - Facilities upgrade or replacement
 - Facilities augmentation
 - Other

Project categories

- > Network
 - Augmentation
 - Easements
 - Connections
 - Replacement
 - Security/compliance
- > Non-Network
 - Information Technology
 - Facilities
 - Motor vehicles
 - Other

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Attachment 3 – RACIs

Network investments

Resource	NOS	OSA	OFS	OER	DG1	RPS	PSS	DG2	PAD
Concept owner delegate (PSA, AS)	R	R	-	R	-	-	-	-	-
Concept owner (M/PSA, M/AS)	A	A	-	A	C	C	A ¹	C	C
Non-network solutions (IS&S)	-	-	R	-	-	-	-	-	-
Project services (PS)	-	-	-	-	-	-	R	-	-
Project sponsor delegate (PM)	-	-	R	-	R	R	-	R	R
Project sponsor (M/PM)	-	C	A	C	C	A	C*	C	A
Investment strategy (IS&S)	-	C	-	C	C	-	-	C	-
EGM/AM, CEO, Board	-	-	-	-	A	-	-	A	-

¹ Concept Owner accepts PSS on AM's behalf. PM consulted by Concept Owner.

IT and fleet investments

Resource	NOS	OSA	OFS	OER	DG1	PSS	DG2	PAD
Concept owner delegate (IPD, Fleet)	R	R	R	R	R	R	R	-
Concept owner (IPDM, FM)	A	A	A	A	C	A	C	C
Project sponsor delegate (PM)	-	-	-	-	-	-	-	R
Project sponsor (M/PM)	-	-	-	-	-	-	-	A
Investment strategy (IS&S)	C	C	-	C	C	-	C	-
CFO (CIO ²), EGM/FS, CEO, Board	-	-	-	-	A	-	A	-

R Responsible (drafts)
A Accountable (approves)
C Consulted (endorses)
I Informed (comments)

² CIO may approve DG1 for IT projects less than \$250,000

RACIs for other investment types follow the same approach for each document required for that investment type.

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