

Investment Evaluation Summary (IES)



Project Details:

Project Name:	De-energisation & Re-energisation and Basic Site Visit
Project ID:	00348
Thread:	Connection Assets - FBS
CAPEX/OPEX:	OPEX
Service Classification:	Alternative Control
Scope Type:	B
Work Category Code:	SOSCR
Work Category Description:	Connections & Reconnections
Preferred Option Description:	Deliver services to Energise, re-energise, de-energise and special read services for customers requested via retailers Advantages: - Delivers compliance to the NEL - Delivers on customer expectations - Allows billing services - Cost recovery as services are billed to the retailer Disadvantages: None
Preferred Option Estimate (Nominal Dollars):	\$41,047,618

	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	61,315	61,155	61,013	60,885	60,769	60,664	60,568	60,988	60,322	60,270
Estimate (\$)										
Total (\$)	\$3,747,573	\$3,819,741	\$3,895,070	\$3,972,137	\$4,052,077	\$4,133,645	\$4,217,956	\$4,341,126	\$4,387,822	\$4,480,472

Governance:

Project Initiator:	Darryl Munro	Date:	11/03/2015
Thread Approved:	Leanne Rees	Date:	04/11/2015
Project Approver:	Leanne Rees	Date:	04/11/2015

Document Details:

Version Number:	1
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Related Documents:

Description	URL
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Section 1 (Gated Investment Step 1)

1. Background

TasNetworks currently operates as a compliant entity in the NEM with systems and processes in place to meet customer requests.

1.1 Investment Need

Investment is required to ensure that TasNetworks continues to be able to meet customer requests while maintaining compliance in an evolving NEM.

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:

- 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

National Electricity Law (NEL). Section 7A.2 of the NEL provides that:

A regulated network service provider should be provided with a reasonable opportunity to recover at least the efficient costs the operator incurs in:

- Providing direct control network services; and
- Complying with a regulatory obligation or requirement

Provision of Fee-based Services is a requirement under the Metrology and Service Level procedures, which are created under the National Electricity Rules, which are created under the NEL.

2. Project Objectives

To provide a de-energisation, energisation & re-energisation and special read fee based services.

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 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
- Network service performance – meet network planning standards
- Sustainable cost reduction – efficient operating and capital expenditure

4. Current Risk Evaluation

Do nothing approach will result in ongoing increases in compliance breaches along with inability to deliver customer’s needs. Resulting in ongoing decreases in confidence with TasNetworks abilities to perform, leading to increased scrutiny of compliance levels and the potential for TasNetworks to be barred from operating in the NEM.

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 deliver on alternate control services or meet obligations/standards of the NEL	Almost Certain	Moderate	High
Reputation	Negative publicity resulting from poor customer service and failure to re-energise customers and provide billing data customer for move in/out	Almost Certain	Moderate	High
Safety and People	People impact failing to deliver energisation services	Almost Certain	Severe	Very High

Section 1 Approvals (Gated Investment Step 1)

Project Initiator:	Darryl Munro	Date:	11/03/2015
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:

Energise, re-energise, de-energise and special read services for customers requested via retailers

5.1 Scope

Work to be undertaken: The work to be undertaken shall be de-energisation, energisation, re-energisation and special reads. Work may be sourced by the following methods:

1. Retailers
2. TasNetworks

Particular methodology to undertake the work:

- All work tasks detailed in the Scopes of Work are to be completed in accordance with the Fee Based Services, National Energy Market Rules and TasNetworks' Customer Charter.
- All work shall be undertaken as per Aurora Networks Metering Procedures.
- Field data entered via TVD
- This service will be required as per the Service Request Calendar 3 Point of contact: Where guidance is required or uncertainty exists as to the type or quantity of work that can be undertaken within this category, escalation process & variation approval direction can be obtained from the Market Support Team Leader

5.2 Expected outcomes and benefits

This expenditure is required:

- To be compliant in the provision of the alternate control services, under the National Electricity Law (NEL), of energisation, re-energisation, de-energisation and special reads as per the fee based services (Direct Control, Alternative Control)
- To deliver standing data updates to AEMO and retailers as per National Energy Market Rules
- To deliver on customer expectations for the services of energisation, re-energisation, de-energisation and special reads whilst also ensuring accurate billing of consumption data for those customers

5.3 Regulatory Test

Delivery of a Fee Based Services document meets regulatory requirements.

6. Options Analysis

Action is required to ensure that TasNetworks continues to operate as a compliant entity in the NEM meeting customers expectations.

6.1 Option Summary

Option description	
Option 0	Do Nothing Advantages: None as there are no cost savings as these services are cost recovery through retailers Disadvantages: - Will not be compliant with the NEL - Will not deliver customer expectations therefore impact on reputation - Will not allow accurate billing
Option 1 (preferred)	Deliver services to Energise, re-energise, de-energise and special read services for customers requested via retailers Advantages: - Delivers compliance to the NEL - Delivers on customer expectations - Allows billing services - Cost recovery as services are billed to the retailer Disadvantages: None

6.2 Summary of Drivers

Option	
Option 0	<p>Will not - be compliant in the provision of the alternate control services, under the National Electricity Law (NEL), of energisation, re-energisation, de-energisation and special reads as per the fee based services (Direct Control, Alternative Control).</p> <p>Will not - deliver standing data updates to AEMO and retailers as per National Energy Market Rules.</p> <p>Will not - deliver on customer expectations for the services of energisation, re-energisation,</p>

	de-energisation and special reads whilst also ensuring accurate billing of consumption data for those customers.
Option 1 (preferred)	<p>Will be - compliant in the provision of the alternate control services of energisation, re-energisation, de-energisation and special reads as per the fee based services.</p> <p>Will - deliver standing data updates to AEMO and retailers as per National Energy Market Rules.</p> <p>Will - deliver on customer expectations for the services of energisation, re-energisation, de-energisation and special reads whilst also ensuring accurate billing of consumption data for those customers.</p>

6.3 Summary of Costs

Option	Total Cost (\$)
Option 0	\$0
Option 1 (preferred)	\$41,047,618

6.4 Summary of Risk

Delivering market compliant services to customers will lead to continuing confidence in TasNetworks to perform.

6.5 Economic analysis

Option	Description	NPV
Option 0	Do Nothing Advantages: None as there are no cost savings as these services are cost recovery through retailers Disadvantages: - Will not be compliant with the NEL - Will not deliver customer expectations therefore impact on reputation - Will not allow accurate billing	\$0
Option 1 (preferred)	Deliver services to Energise, re-energise, de-energise and special read services for customers requested via retailers Advantages: - Delivers compliance to the NEL - Delivers on customer expectations - Allows billing services - Cost recovery as services are billed to the retailer Disadvantages: None	\$0

6.5.1 Quantitative Risk Analysis

No Quantitative Risk Analysis undertaken at this time.

6.5.2 Benchmarking

No Benchmarking undertaken at this time.

6.5.3 Expert findings

Expert findings are not required at this time.

6.5.4 Assumptions

Volumes and expenditure are based on historical data

Section 2 Approvals (Gated Investment Step 2)

Project Initiator:	Darryl Munro	Date:	11/03/2015
Project Manager:		Date:	

Actions

Submitted for CIRT review:		Actioned by:	
CIRT outcome:			