

# Investment Evaluation Summary (IES)



## Project Details:

<b>Project Name:</b>	Install/Augment HV OH Switch (LAP)
<b>Project ID:</b>	00781
<b>Thread:</b>	Reliability
<b>CAPEX/OPEX:</b>	CAPEX
<b>Service Classification:</b>	Standard Control
<b>Scope Type:</b>	D
<b>Work Category Code:</b>	PRHOS
<b>Work Category Description:</b>	Install HV Switchgear OH
<b>Preferred Option Description:</b>	Improve operational flexibility such that the reliability performance at a local level is maintained
<b>Preferred Option Estimate (Nominal Dollars):</b>	\$0

	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27
<b>Unit (\$)</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Volume</b>	1	1	1	1	1	1	1	1	1	1
<b>Estimate (\$)</b>										
<b>Total (\$)</b>	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000

## Governance:

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

## Document Details:

<b>Version Number:</b>	1
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## Related Documents:

Description	URL
Network Development Management Plan	-

# Section 1 (Gated Investment Step 1)

## 1. Background

Network development works associated with addressing and maintaining reliability performance includes:

- Addressing the worst performing HV feeders;
- Addressing the poorest performing Reliability Communities.
- Maintaining Reliability Category performance at a system level (refer TEC).

This program includes the rectification of identified performance issues to manage poor levels of service as experienced by customers, but may not be captured effectively at the HV system level (feeder and community performance).

### 1.1 Investment Need

Rectification of identified performance issues are required to manage:

- poor levels of services as experienced by customer in terms of reliability; and
- customer inconvenience due to the frequent outages caused by local problems.

The management of the above risks support TasNetworks to deliver the following:

- Compliance with regulatory obligations; and
- Safety, reliability and security of supply outcomes that meet customers' needs, by maintaining asset utilisation rates at appropriate levels at the lowest whole of life cost.

### 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); and
- 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.

### 1.3 Regulatory Considerations

This project is required to achieve the following capital expenditure objectives as described by the National Electricity Rules section 6.5.7(a) 6.5.7 (a).

Forecast capital expenditure

1. meet or manage the expected demand for standard control services over that period;
2. comply with all applicable regulatory obligations or requirements associated with the provision of standard control services;
3. to the extent that there is no applicable regulatory obligation or requirement in relation to:
  - the quality, reliability or security of supply of standard control services; or
  - the reliability or security of the distribution system through the supply of standard control services, to the relevant extent:
  - maintain the quality, reliability and security of supply of standard control services; and
  - maintain the reliability and security of the distribution system through the supply of standard control services; and
4. maintain the safety of the distribution system through the supply of standard control services.

## 2. Project Objectives

Maintain reliability performance at a local level to:

- Maintain network performance;
- Manage business operating risks; and
- comply with regulatory, contractual and legal responsibilities; in

accordance with the TasNetworks Reliability Strategy and Network Development Management Plan

## 3. Strategic Alignment

### 3.1 Business Objectives

Strategic and operational performance objectives relevant to this project are derived from TasNetworks 2014 Corporate Plan, approved by the board in 2014. This project is relevant to the following areas of the corporate plan:

- We understand our customers by making them central to all we do.
- We care for our assets, delivering safe and reliable networks services while transforming our business.
- Rectify identified performance issue such that the reliability performance at a local level is maintained

### 3.2 Business Initiatives

The business initiatives that relate to this project are as follows:

- 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 The strategic key performance indicators that will be impacted through undertaking this project are as follows:
  - Price for customers – lowest sustainable prices
  - Network service performance – meet network planning standards
  - Network service performance – outcomes under service target performance incentive schemes

## 4. Current Risk Evaluation

The current risk evaluation is Medium depending on specific element location within the network

### 4.1 5x5 Risk Matrix

TasNetworks business risks are analysed utilising the 5x5 corporate risk matrix, as outlined in TasNetworks Risk Management Framework.

Relevant strategic business risk factors that apply are follows:

Risk Category	Risk	Likelihood	Consequence	Risk Rating
Customer	Existing risk control measures (if any) are not effective	Possible	Minor	Low
Environment and Community	Existing risk control measures (if any) are not effective	Possible	Minor	Low
Financial	Existing risk control measures (if any) are not effective	Possible	Negligible	Low

Network Performance	Existing risk control measures (if any) are not effective	Possible	Minor	Low
Regulatory Compliance	Existing risk control measures (if any) are not effective	Possible	Negligible	Low
Reputation	Existing risk control measures (if any) are not effective	Possible	Negligible	Low
Safety and People	Existing risk control measures (if any) are not effective	Possible	Negligible	Low

## Section 1 Approvals (Gated Investment Step 1)

<b>Project Initiator:</b>	Ewan Sherman	<b>Date:</b>	30/03/2015
<b>Line Manager:</b>		<b>Date:</b>	
<b>Manager (Network Projects) or Group/Business Manager (Non-network projects):</b>		<b>Date:</b>	
[Send this signed and endorsed summary to the Capital Works Program Coordinator.]			

<b>Actions</b>			
<b>CWP Project Manager commenced initiation:</b>		<b>Assigned CW Project Manager:</b>	
<b>PI notified project initiation commenced:</b>		<b>Actioned by:</b>	

## Section 2 (Gated Investment Step 2)

### 5. Preferred Option:

Installation and/or relocation of OH Switch Maintain reliability performance at a local level in accordance with the TasNetworks Reliability Strategy and Network Development Management Plan

#### 5.1 Scope

Installation and/or relocation of OH Switch

#### 5.2 Expected outcomes and benefits

The Local Reliability Program will address specific localised reliability issues within Communities. These specific issues contribute to poor community performance, GSL payments and represent the 'worst' customer service performance.

It does this by identifying and responding to localised issues through minor network upgrades.

#### 5.3 Regulatory Test

Not applicable.

## 6. Options Analysis

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

### 6.1 Option Summary

Option description	
Option 0	Do nothing
Option 1 (preferred)	Improve operational flexibility such that the reliability performance at a local level is maintained

### 6.2 Summary of Drivers

Option	
Option 0	Continued poor level of service to localised customers.
Option 1 (preferred)	Local reliability has a marginal impact on community and state wide category performance. The preferred option (from the available options detailed in the Options Summary) will rectify the localised reliability issue such that the reliability performance at a local level is maintained; providing some benefit on maintaining reliability performance at a Community and state wide category level in accordance with TasNetworks Reliability Strategy.

### 6.3 Summary of Costs

Option	Total Cost (\$)
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Option 0	\$0
Option 1 (preferred)	\$0

#### 6.4 Summary of Risk

As a result of the program the target risk assessment will be Low.

#### 6.5 Economic analysis

Option	Description	NPV
Option 0	Do nothing	\$0
Option 1 (preferred)	Improve operational flexibility such that the reliability performance at a local level is maintained	\$0

##### 6.5.1 Quantitative Risk Analysis

Not applicable.

##### 6.5.2 Benchmarking

Not applicable.

##### 6.5.3 Expert findings

Not applicable.

##### 6.5.4 Assumptions

Not applicable.

## Section 2 Approvals (Gated Investment Step 2)

<b>Project Initiator:</b>	Ewan Sherman	<b>Date:</b>	30/03/2015
<b>Project Manager:</b>		<b>Date:</b>	

### Actions

<b>Submitted for CIRT review:</b>		<b>Actioned by:</b>	
<b>CIRT outcome:</b>			