

# Investment Evaluation Summary (IES)



## Project Details:

<b>Project Name:</b>	Preliminary design work
<b>Project ID:</b>	00722
<b>Thread:</b>	Overhead
<b>CAPEX/OPEX:</b>	CAPEX
<b>Service Classification:</b>	Standard Control
<b>Scope Type:</b>	C
<b>Work Category Code:</b>	SIPRE
<b>Work Category Description:</b>	Preliminary design work
<b>Preferred Option Description:</b>	Undertake preliminary design work
<b>Preferred Option Estimate (Nominal Dollars):</b>	\$130,000

## Governance:

<b>Project Initiator:</b>	Erin Cook	<b>Date:</b>	27/03/2015
<b>Thread Approved:</b>	David Eccles	<b>Date:</b>	20/10/2015
<b>Project Approver:</b>	David Eccles	<b>Date:</b>	20/10/2015

## Document Details:

<b>Version Number:</b>	1
------------------------	---

## Related Documents:

Description	URL
SIPRE IES	<a href="http://projectzone.tnad.tasnetworks.com.au/business-projects/nis-program/DD17SAM/Deliverables/Overhead%20Systems%20and%20Structures/SIPRE%20Preliminary%20Design%20Work/TasNetworks%20-%20OIES%20SIPRE.docx">http://projectzone.tnad.tasnetworks.com.au/business-projects/nis-program/DD17SAM/Deliverables/Overhead%20Systems%20and%20Structures/SIPRE%20Preliminary%20Design%20Work/TasNetworks%20-%20OIES%20SIPRE.docx</a>

# Section 1 (Gated Investment Step 1)

## 1. Background

### 1.1 Investment Need

### 1.2 Customer Needs or Impact

TasNetworks continues to undertake 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) • Increasing 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 and affordability.

### 1.3 Regulatory Considerations

This project is required to achieve the following capital and operational expenditure objectives as described by the National Electricity Rules section 6.5.7(a) and 6.5.6(a). 6.5.7 (a) Forecast capital expenditure (2) comply with all applicable regulatory obligations or requirements associated with the provision of standard control services; (4) Maintain the safety of the distribution system through the supply of standard control services.

## 2. Project Objectives

To design future projects for overhead projects that will not be constructed within the current POW.

## 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 The strategic key performance indicators that will be impacted through undertaking this project are as follows: • Price for customers – lowest sustainable prices • Zero harm – significant and reportable incidents • Sustainable cost reduction – efficient operating and capital expenditure

## 4. Current Risk Evaluation

### 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	Projects delayed	Likely	Minor	Medium
Financial	Projects not accurately costed	Likely	Minor	Medium

## Section 1 Approvals (Gated Investment Step 1)

<b>Project Initiator:</b>	Erin Cook	<b>Date:</b>	27/03/2015
<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:

To undertake preliminary design for overhead projects that are unable to proceed to construction stage in the current POW to enable true costs and material estimates to be quoted.

#### 5.1 Scope

Investigate the feasibility and undertake preliminary designs and costing for proposed works. The type of work proposed shall be detailed within an individual work scope for each job.

#### 5.2 Expected outcomes and benefits

The expected outcomes of this program are continued safe and reliable running of the network. By undertaking preliminary design work future projects can be accurately costed and ensures the most suitable equipment and design is used for construction.

#### 5.3 Regulatory Test

## 6. Options Analysis

### 6.1 Option Summary

Option description	
Option 0	Do nothing
Option 1 (preferred)	Undertake preliminary design work

### 6.2 Summary of Drivers

Option	
Option 0	No upfront costs
Option 1 (preferred)	Future projects can be accurately costed Ensures the most suitable equipment and design is used for construction

### 6.3 Summary of Costs

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

Option 1 (preferred)	\$130,000
----------------------	-----------

## 6.4 Summary of Risk

## 6.5 Economic analysis

Option	Description	NPV
Option 0	Do nothing	\$0
Option 1 (preferred)	Undertake preliminary design work	\$0

### 6.5.1 Quantitative Risk Analysis

### 6.5.2 Benchmarking

### 6.5.3 Expert findings

### 6.5.4 Assumptions

## Section 2 Approvals (Gated Investment Step 2)

<b>Project Initiator:</b>	Erin Cook	<b>Date:</b>	27/03/2015
<b>Project Manager:</b>		<b>Date:</b>	

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