



Price Review Submission

covering period
2016 to 2020 (PR₄)

Transmission Asset Owner (TAO)
PR₄ Overview (TFOO)

Status: Submitted to CER
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Public Submission Document

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NETWORKS

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1. TAO Executive Summary

The Transmission sector is made up of two entities:

- The Transmission Asset Owner (ESB Networks)
- The Transmission System Operator (EirGrid).

Therefore PR₄ submissions are required from both entities.

The roles and responsibilities of both the TAO and TSO are outlined in the Infrastructure Agreement (IA).

CER instructed that the Price Review submissions from TAO and TSO should be made in two tranches:

- Review of delivery in period 2011–2015 (to be made at end Oct. 2014)
- Forecast for period 2011–2015 (to be made at end Nov. 2014).

Both of the above submissions comprise several documents and supporting spreadsheets. It is not intended to replicate in this document what is covered in other submissions. However it is intended that this document will serve as an overall guide to ESB Networks' transmission PR₄ submission. This document also contains sections on the IA, the organisation and details on ESB Networks and EirGrid joint ventures including the new joint project management office (JPMO) and the recent Memorandum of Understanding detailing ESB Networks and EirGrid's joint commitment to the Transmission Infrastructure.

2. TAO Introduction



This document outlines ESB Networks' submission for the Transmission area for the price control period 2016 to 2020 (PR4).

The document also serves as a guide to other documents submitted to CER as part of the PR4 submission.

3. Infrastructure Agreement

The roles and responsibilities of the TAO and TSO as well as how these are discharged are dictated by the Infrastructure Agreement. This agreement took considerable time to develop and came into effect when EirGrid was vested in July 2006.

With regard to the submission for PR4, the key roles and responsibilities are listed below:

TSO are responsible for / required to:

- The preparation and update of the Transmission Development Plan.
- Have the sole and exclusive rights to determine and identify which development projects will be undertaken.
- Provide to TAO, projections of costs incurred by TSO (including amounts payable by TAO to third parties under arrangements negotiated by the TSO) to allow TAO to plan its Transmission Capital Expenditure Requirements.
- Setting Maintenance Policies and Standards.

TAO are responsible for / required to:

- Carrying out construction work in accordance with the TSO's Development Plan.
- Prepare and make available to TSO, on request, cost projections for standard configurations (Standard Development Costs).
- Comply with Maintenance Policies and Standards.
- Implement Maintenance Policies and Standards through preparation of work practices and procedures.

It follows from these roles and responsibilities that EirGrid will submit their proposals for the capital expenditure required to deliver their Development Plan for the period 2016 to 2020. ESB Networks' submission on capital expenditure forecast details work done on Standard Development Costs and the assumptions used when developing them.

Regarding operating expenditure, ESB Networks' submission is in two parts:

The first of these projects the maintenance volumes and costs associated with implementing the Maintenance Policies and Standards. TFO2 – PR4 Transmission Maintenance Programme.

The second covers other areas of operating expenditure. TFO4 – PR4 Transmission Operating Costs Forecast.

4. Documents Submitted for Transmission PR4 Submission



This section lists the documents submitted to CER in support of ESB Networks' submission for the price control period 2016-2020. It does not list the questionnaires (tables) issued by CER. However these have been completed and form part of the submission.

4.1 Review of Transmission Delivery in Period 2011-2015:

The following documents were submitted, by ESB Networks, reporting delivery / performance during the period 2011-2015:

- TH01 – PR3 Transmission Overview
This document outlines an overview of both CAPEX and maintenance programmes over the PR3 period
- TH02 – Transmission Maintenance Volumes Tables
This spreadsheet details the Transmission maintenance completions during the PR3 period
- TH03 - Transmission OPEX Costs
This document details transmission Opex spend for the PR3 period
- TH04 - Transmission Maintenance Volumes 2011-2015
This document details the Transmission maintenance completions during the PR3 period
- TH05 - Report on TAO Incentives 2011 – 2015
This document summarises the incentive completed in the PR3 period
- TH06 – Transmission Written Question 33
This document covers written question number 33 from the questionnaire tab 1.1
- TH08 Transmission Cost Analysis
This document is in response to questions 6 & 7 of the historic questionnaire.



4.2 TAO Forecast for Period 2016-2020

The following documents are submitted, by ESB Networks, forecasting delivery / expenditure for the period 2016-2020:

- TF01 – PR4 Transmission Capex Overview

This document describes ESB Networks' role in costing and delivery of the Transmission PR4 Capital Expenditure Programme

- TF02 – PR4 Transmission Maintenance Programme

This document forecasts the volume and cost of maintenance activities on Transmission assets

- TF03 – PR4 Transmission Maintenance Programme Tables

This spreadsheet details the calculations used in forecasting the maintenance volumes and costs

- TF04 – PR4 Transmission Operating Costs Forecast

This document forecast Opex spend for the PR4 period

- TF06– Transmission Written Question 19

This document covers written question number 19 from the questionnaire tab 1.1

- TF07 – Written Questions Explanation Document

This document comments on the Transmission Questionnaire's written questions.

4.2 TAO Forecast for Period 2016-2020

Transmission Organisation in ESB Networks:

The roles carried out by the Transmission unit are embedded in ESB Networks Asset Management department.

The current organisation is shown below.

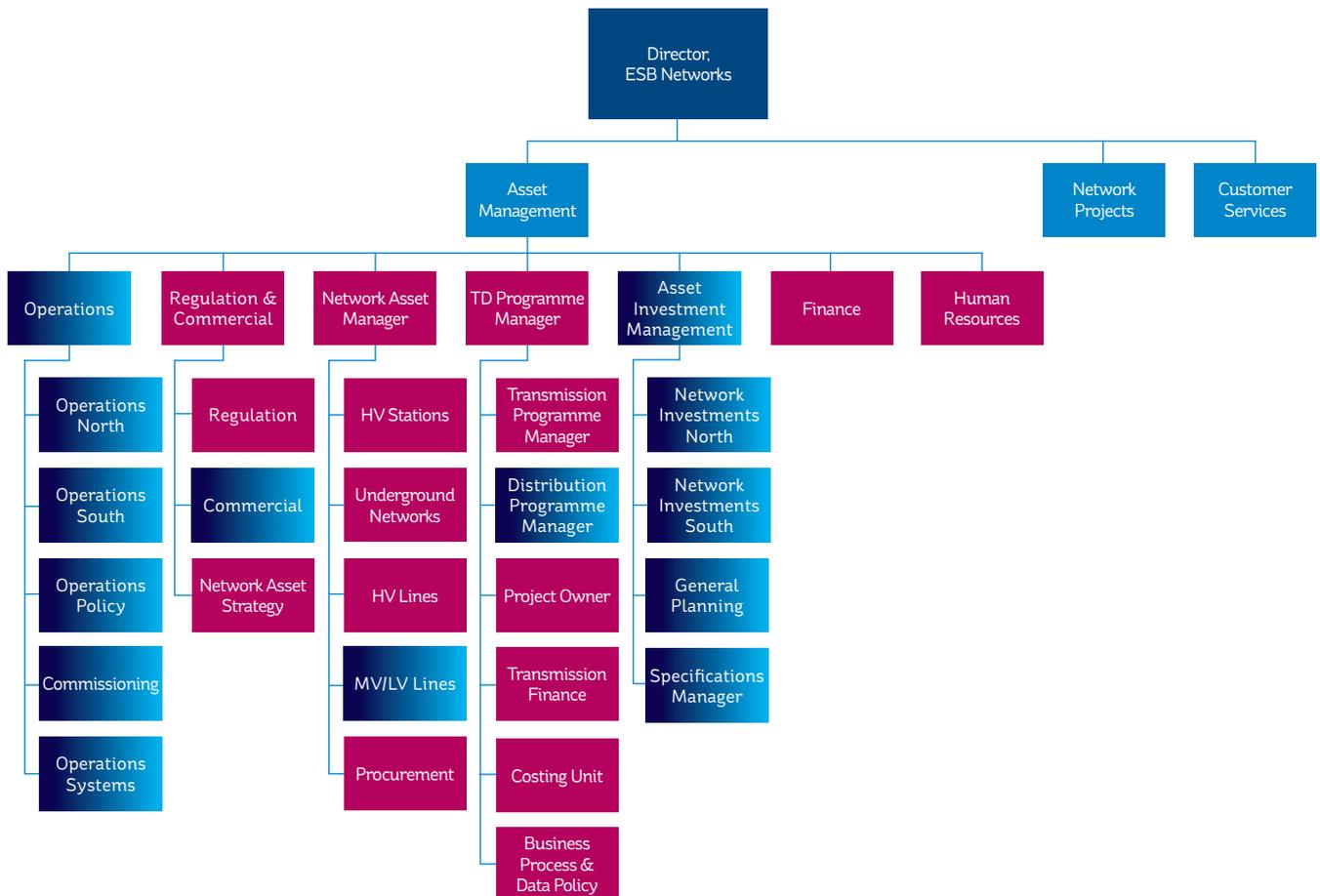


Figure 24: Transmission Organisation in ESB Networks

Areas with some responsibility for the Transmission infrastructure are shaded in yellow. However many of these areas also have responsibilities for the Distribution infrastructure (e.g. HV stations, UG networks etc.) which results in a more efficient combined networks organisation.

4.3 ESB Networks and EirGrid Joint Commitment



In July 2103 EirGrid and ESB Networks jointly stated the importance of delivery of transmission infrastructure in a Memorandum of Understanding which was signed by the respective chief executives.

It states that the delivery of transmission infrastructure is critical to the wellbeing of the economy, to driving competitiveness, facilitating growth and jobs, to ensuring security of energy supplies and to enabling the achievement of challenging renewable energy targets. It is vital that EirGrid and ESB Networks continuously improve how they work together to ensure effective delivery of transmission infrastructure for all customers and stakeholders.

The memorandum commits both organisations to:

- Working collaborative together towards commonly agreed, shared and understood goals;
- Enhancing communications and cooperation through all levels of our organisations;
- Ensuring visibility and alignment of long term goals;
- Simplifying the interfaces between our organisations to promote timely decision making and reduce bureaucracy;
- Supporting a transparent co-operative approach with customers and stakeholders;
- Promoting best practice project, program, cost and safety management.

4.4 Joint Programme Management Office (JPMO)



In September 2014 ESB and EirGrid further strengthened working relationships by setting up a Joint Programme Management Office (JPMO). ESB as TAO and EirGrid as TSO have established roles for infrastructure projects and asset maintenance. At present there are over 300 projects identified and in the various stages of development and construction. It is agreed between EirGrid & ESB Networks that a Joint Programme Management Office (JPMO) be established to coordinate the delivery of the agreed transmission programmes and Grid 25 projects.

Goals of the JPMO:

Coordinated Delivery

- Inputs to project from various stakeholders
- Timely financial & technical approvals of projects
- Collaboration on the monitoring / reporting of transmission projects
- Efficient management and successful delivery of Grid25 programme including Outage Scheduling and Prioritisation.

Improved Processes

- Efficient and effective change control process for project deliverables
- Responsible for ensuring project closure (Technical & financials)
- Project reviews (Technical & Financials).

Best Standards of Project Management

- Development and implementation of a single project management system
- Agree project risk metrics and monitor project progress against them
- To recommend for approval changes in the project management and delivery process.

Efficient Stakeholder and Communications

- To manage stakeholders and communications jointly for Grid25 programme
- Coordinate with landowners in the area of wayleaves.

At present ESB Networks has a Transmission Programme Section based in Leopardstown consisting of 5 staff including the Section Manager. A financial resource is allocated from the financial team in Asset management. EirGrid also have a Transmission Programme Management Team. The JPMO will consist of these two teams based in Leopardstown in a JPMO office. Reporting will be to EirGrid Grid25 PMO Manager and ESB Networks T&D Programme Manager.

5. TAO Conclusion

The roles of both the TAO and TSO are clearly defined in the IA. Both EirGrid and ESB Networks understand and work to these roles, in doing so we have also made a commitment to build on our growing relationship and cross-company communication in which can only benefit the end customer and benefit the Electricity system as a whole, working effectively and collaboratively together we can achieve the ambitious targets which we have been set for the delivery of transmission infrastructure.

(Footnotes)

1 Before additional efficiencies of €31.3m associated with distribution opex