



An Coimisiún
um Rialáil Fóntas
**Commission for
Regulation of Utilities**

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Terms of reference of The Networks Stakeholder Engagement Evaluation Panel

(In accordance with PR4 Decision on Reporting and
Incentives CER/18/087)

Decision Paper

Reference:	CRU/19/058	Date Published:	23/05/2019	Closing Date:	N/A
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Executive Summary

In May 2018 the CRU published its Decision on Reporting and Incentives Framework under PR4, CER/18/087, establishing a new reporting and incentive framework (the “Incentive Framework”). One of the new incentives is in relation to the stakeholder engagement practices of EirGrid, the Transmission System Operator (TSO), and ESB Networks, the Distribution System Operator (DSO). The intention of the new incentive framework is to provide a framework for the annual assessment of the measures taken by the System Operators (SOs) to understand and address the needs of stakeholders, i.e. customers, generators, suppliers and local communities.

The Incentive Framework also provided for the establishment of a panel to assess and score the System Operators (SOs) on the quality, implementation and effectiveness of their stakeholder engagement strategies during the previous year. It is intended that this will assist the SOs in putting customers at the centre of what they do by understanding and addressing the needs of their stakeholders.

The CRU published a Consultation Paper on the proposed terms of reference of the Networks Stakeholder Engagement Evaluation (NSEE) Panel, (“The Panel”), on 14 February 2019. The purpose of this Consultation paper was to seek stakeholders’ views on the proposed terms of reference and also seek expressions of interest from stakeholders who would be interested in becoming members of the Panel.

The CRU has reviewed and considered the responses to its consultation, and has now finalised the terms of reference of the Panel. The use of such a Panel is a new approach for the CRU, given this the CRU may review the effectiveness of the process in two years. As part of this review the CRU will assess the extent to which the assessments of the Panel have facilitated improvements to the quality of EirGrid’s and ESB Networks’ stakeholder engagement. The CRU will also have regard to the quality of the Panel’s discussions and assessments, and the extent to which its recommendations have been implemented by the System Operators.

The function of the Panel is to separately review the respective TSO and DSO stakeholder engagement strategies of the previous calendar year and the outcomes achieved during that year pursuant to the strategies in place. Based on its review, the Panel will score each System Operator in three categories:

1. Quality of strategies (20%)
2. Implementation of strategies (40%)
3. Effectiveness (outcomes achieved) (40%)

The Panel will be chaired by the CRU and will consist of representatives from a range of stakeholders which may include generators, suppliers, energy communities and Large Energy Users (LEUs). The list of Panel members is set out in this Paper, it is envisaged that the Panel members will sit on the Panel for at least two years. The membership of the Panel will be reviewed after two years and expressions of interest to join the Panel will be invited.

The Panel will meet at least twice a year, between April and June. This coincides with the timelines set out in the Incentive Framework. Under that Decision the TSO and DSO are each required to publish for consultation a report on the effectiveness of their stakeholder engagement in the preceding year. Therefore, the Panel will have access to the initial reports, the consultation responses, and the final submissions from the TSO and DSO when assessing the SOs performance. The Incentive Framework set out the methodology for calculating the incentive payment based on a score of between 1 and 10. The maximum payment under this incentive is 1% of internal opex for the TSO and €1m for the DSO, the minimum payment of €0 applies to any score under 5. This methodology is set out in the Annex for convenience. However, the decision-making process was not set out in that paper, this Decision Paper establishes the decision-making process of the Panel.

The Panel will decide the scores through a consensus process. The Panel will, through a process of discussion, arrive at a collective view that each member of the Panel agrees represents the collective view of the Panel, even if not precisely that of the individual member. The Panel will score the TSO and DSO separately, on each of the three criteria listed above. The weightings will then be applied according to the established methodology resulting in a final score from the Panel.

The CRU will take the Panel's assessment into account when setting the stakeholder incentive revenues for the SOs. However, the CRU may take other factors into account where appropriate. Where the Panel is unable to reach a final score by consensus, the CRU will take the discussions and views expressed by the Panel into account when making its revenue decision. However, the CRU considers that the Panel will provide greater value if it is able to arrive at a score through consensus.

The CRU will provide the Panel with guidance to assist the members evaluate the SOs, however the CRU will not express its view to the Panel on the effectiveness of the stakeholder engagement of the TSO and DSO. At the end of each annual process the CRU may review this guidance and make appropriate amendments. The first meeting of the Panel will take place on 28th May 2019.

Public Impact Statement

The CRU published a Decision paper, CER/18/087, which implemented a range of new reporting obligations and incentives for EirGrid and ESB Networks (the “SOs”). The overall objective of CER/18/087 is to ensure that EirGrid and ESB Networks are focused on:

- Delivering better outcomes for customers.
- Using innovation to deliver services more efficiently.
- Meeting key national strategic objectives.

One of the incentives implemented is in relation to stakeholder engagement. The objective of this incentive is to promote cultures within the SOs that put stakeholders (i.e. customers, generators, suppliers and local communities) at the centre of what they do. This ensures that the System Operators deliver high quality outcomes for energy customers and the wider public.

To achieve this the CRU has established a Panel consisting of a range of stakeholders to assess and score EirGrid and ESB Networks each year on the quality, implementation and effectiveness of their stakeholder strategy for the previous year. The incentive scheme applies separately to EirGrid (maximum of 1% of its operational expenditure) and ESB Networks (maximum of €1m). The scores given by the Panel will input to the financial incentive the companies receive.

Reporting and incentives are important instruments through which the CRU seeks to protect the interests of stakeholders and the wider public. Reporting gives visibility as to what each company is delivering and improves accountability. Incentive mechanisms go a step further by attaching additional financial rewards or penalties to specific reported measures of performance and are an effective method of improving the service customers receive from the network companies.

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Glossary of Terms

Abbreviation or Term	Definition or Meaning
CRU	Commission for Regulation of Utilities
NSEE Panel	Networks Stakeholder Engagement Evaluation Panel
ToR	Terms of Reference
TSO	Transmission System Operator-EirGrid
DSO	Distribution System Operator-ESB Networks
SOs	System Operators (TSO and DSO)
Stakeholders	i.e. customers, generators, suppliers and local communities
Opex	Operational expenditure

1. Introduction

1.1. Commission for Regulation of Utilities

The Commission for Regulation of Utilities ([CRU](#)) is Ireland's independent energy and water regulator with the mission of protecting the public interest in energy, water and energy safety. The CRU, established in 1999, has now a range of economic, customer protection and safety responsibilities in energy. The CRU is also responsible for the economic regulation of Ireland's public water and wastewater system.

1.2. Purpose of this Decision Paper

The purpose of this Decision Paper is to establish Terms of Reference for the Network Stakeholder Engagement Evaluation Panel (the "Panel"), as provided for in CRU/18/087, (the "Incentive Framework").

The purpose of the Panel is to assess and score the quality of the network companies stakeholder engagement, which will feed into the CRU's decision on their incentive payments. In turn, this will assist EirGrid and ESB Networks to improve their stakeholder engagement.

1.3. Legal Background

Under the Electricity Regulation Act 1999, as amended, ("the Act"), the CRU is the independent body responsible for overseeing the regulation of the Irish electricity sector. Section 35 of the Act provides for the CRU to approve charges for the use of the electricity system in Ireland.

In accordance with Section 35 of the Act, the CRU's Price Review decisions (CER/15/296 and CER/15/295) outline the revenue that the TSO/TAO and DSO/DAO can recover from network users through Transmission and Distribution Use of System tariffs during the Price Review period. In these decisions, the CRU also provided for additional incentive revenues to be set for specific reported measures of performance. The current incentive framework was set out in CER/18/087.

Decisions 9 and 18 of CER/18/087 provided for a Panel to be established to review and assess the SOs stakeholder engagement activities. This Decision paper establishes such a Panel.

1.4. Overview of Timelines for the NSEE Panel Process

The Incentive Framework requires the SOs to publish a report on the effectiveness of their stakeholder engagement strategies for consultation, by the 31 March each year. The CRU decides on the annual allowed network revenues by the end of June each year. As the incentive payments are an input to this decision, the Panel's assessment and its meetings will take place between April and June each year. It is envisaged that the Panel would meet at least two times during this period.

1.5. Structure of this Paper

This **Section one** provides the background and basis for the establishment of the NSEE Panel. **Section two** provides an overview of the responses to the Consultation Paper and the CRU's response. **Section three** outlines the CRU's decision on the Terms of Reference for the Panel. **Section four** sets out the CRU's decision on the Membership of the Panel. Finally, **Section five** sets out the next steps in the process. In the **Annex** an explanation of the scoring methodology and the calculation of the incentive is illustrated.

2. Responses to the CRU Consultation on the proposed ToR of the Panel

2.1. Responses received

The CRU received six responses to its Consultation Paper. These have been published alongside this Decision paper. The CRU received submissions from:

- BGE
- EirGrid
- Electric Ireland
- ESB Generation & Trading
- IWEA
- UCD

2.2. Overview of the Consultation Responses

Broadly, the respondents supported the CRU's initiative. There were a number of points raised by stakeholders which can be categorised under the following headings:

- Membership of the Panel
- Decision-making process
- Consideration of Complaints by the Panel
- Panel feedback and recommendations to SOs
- Companies' ability to Object to a Panel decision
- Operating procedures of the Panel

2.2.1. Membership

The respondents generally welcomed the broad membership proposed for the NSEE Panel. A number of parties suggested that there may need to be additional representation from other groups, i.e. energy communities, IDA, European Affairs, Gas Industry, EAI, etc.

Respondents requested clarity on the arrangements for an expert to advise the panel. Further responses queried the number of generators present on the panel, the size of plants included in the Small Generators category, and whether nominated parties represented themselves or the category of representation.

CRU response

The CRU has considered the responses and has engaged with several parties to get a wide range of representation from stakeholders. The CRU considers that representatives from the gas industry or European organisations, like ENTSOE, may provide additional perspectives and value, and the CRU will consider representation from these bodies for future years. The CRU has sought the participation of energy communities, the IDA and EAI, and this is reflected in the initial membership of the Panel.

The CRU considers that the Panel will fulfil its function best if it includes a range of perspectives reflective of the SOs range of stakeholders. Accordingly, the purpose of the

different categories is to ensure a sufficiently wide range of perspectives are reflected in the composition of the Panel's membership. Given the approach and nature of the Panel, the CRU does not consider it appropriate to be very prescriptive in defining each category of membership. Therefore, the CRU has not set a threshold for the Small Generators' category.

The members of the Panel have been chosen for the perspective that they will bring to the assessment of the SOs stakeholder engagement practices. Therefore, members should represent the perspective of that category. For instance, a member that is both a supplier and a generator, but selected under the supplier category, should provide a supplier's perspective. However, the function of the members is not to provide formal representation of the views of all stakeholders in that category. The CRU notes that the SOs' submissions will be consulted upon, providing all stakeholders an opportunity to share their views.

The CRU may explore the possibility of inviting an expert in the area, with experience of similar processes in other markets, to present to the Panel to help advise the Panel in subsequent years. The approach, and how such an initiative could provide value to the process, will be discussed with the Panel.

2.2.2. Decision-Making Process

Regarding the assessment and scoring process, respondents offered suggestions and requested clarity on some aspects, like the decision-making process itself.

One of the respondents suggested that the Panel's assessment criteria should include some element of demonstrable regard to Industry's feedback. Another suggested that the panel should provide explanations alongside their scores.

One of the respondents suggested that consideration should be given to requiring the SOs to publish their strategy at the start of the reporting year and a report the year after on how they performed pursuant to such strategy.

CRU response

As the CRU has the statutory responsibility for setting the TSO and DSO allowed revenues the final decision on the incentive payment must be taken by the CRU. The CRU will take the Panel's score and its rationale into account when taking this decision and, where appropriate, will take other factors into consideration. Accordingly, the Panel's final score will form a main, if not the only, input into the CRU's decision to approve an incentive payment to the TSO or DSO.

In terms of the decision-making process of the Panel, the CRU considers that a formal voting structure or deciding the score by majority vote would not be the most effective use of the Panel. As noted above, the CRU considers that the different perspectives of the members will be important in the evaluation of the TSO's and DSO's stakeholder engagement. The CRU considers that a process of consensus will allow the Panel to consider the SOs stakeholder engagement in a holistic manner and that accordingly the resulting final score will be reflective of the SOs overall performance across all of their stakeholders.

In relation to the criteria that could be considered under each of the three scoring categories. The CRU has decided not to prescribe the criteria in this Decision Paper. However, the CRU will provide guidance to the Panel Members in advance of the first meeting. The Panel members may wish to consider other criteria consistent with the scoring categories, provided they clearly explain this in the rationale for their individual initial score. As noted above, this guidance may be revised following discussions with the Panel. The Panel may wish to take into consideration whether, and/or when, the SOs publications of their strategies were issued when assessing the performance of the TSO and DSO.

The CRU agrees with the suggestion that explanations are provided alongside the scores and that recommendations be given to the SOs, this has been included in this Decision.

2.2.3. Consideration of Complaints by the Panel

Respondents sought clarity on whether the handling of complaints, the process for handling complaints, and other such matters such as individual projects would be included in the assessment. One respondent noted that this was an important aspect of stakeholder engagement.

CRU response

It is not the CRU's intention that the Panel focus on the complaints process as there is a separate process in the CRU for the resolution of these. The CRU wishes to ensure that the focus of the Panel's discussions is on the stakeholder engagement strategies of the SOs, their implementation and effectiveness. It is noted that individual projects or issues may be illustrative examples of wider issues related to stakeholder engagement. However, the CRU considers that detailed discussions of individual projects/issues would not fit with the objectives of the Panel.

2.2.4. Panel feedback and recommendations to SOs

EirGrid suggested that the Terms of Reference should be more explicit in stating that the Panel will not seek to make recommendations on public engagement which do not align with policies from bodies such as An Bord Pleanála.

CRU response

The CRU considers that it is the SOs' responsibility to ensure compliance with their legal responsibilities, including the planning process. The CRU expects that, where relevant, the SOs should inform the Panel about their legal obligations and the rationale for their approach.

2.2.5. Network Companies' ability to Object to a Panel decision

EirGrid noted that there is no mechanism for objecting to decisions made by the Panel or challenge the nomination of the members. Also, the TSO noted that it is critical the Panel operates under, and in accordance with, the underlying statutory framework accorded to the CRU. EirGrid stated in its response the importance of making clear that the CRU will be the only body making a decision on the allocation of regulated revenues and it will be accountable for such decision. Finally, EirGrid highlighted the independence of incentive for TSO and DSO.

CRU response

The CRU will select the membership of the Panel to ensure an appropriate range of stakeholder perspectives are reflected in the discussions. The network companies will not have a role in the selection process.

The CRU confirms that the decision on the allowance of the incentives will be made by the CRU. Where either of the SOs consider that the Panel has made a material error in its assessment this can be raised with the CRU directly in advance of the final decision on the annual network revenues. However, the CRU will not invite further submissions from the SOs once the Panel has completed its assessment.

The CRU confirms that EirGrid and ESB Networks will be assessed and scored separately in their roles as TSO and DSO respectively. To ensure an efficient process for the Panel the CRU will seek to ensure that both SOs' reports can be considered at the same meeting. Where this is not possible due to delays by one company the CRU may proceed with the Panel meeting anyway, resulting in a score of zero for the company that had not met its deadline.

2.2.6. Operating procedures of the Panel

One of the respondents requested whether remote access facilities could be made available for the Panel members.

CRU response

The CRU considers that the process would be more effective if the members meet in person, however, where necessary the CRU will provide remote access facilities such as teleconference facilities.

3. CRU Decision: Terms of Reference

3.1. Purpose

- 1) The purpose of the Panel is to assess and score the SOs on their stakeholder engagement practice during the previous calendar year, which will feed into the CRU's decision on their incentive payments. This will assist the SOs in putting customers at the centre of what they do by understanding and addressing the needs of their stakeholders.

3.2. Scope

- 2) The Panel will assess each SOs' stakeholder engagement strategy of the preceding calendar year and the outcomes achieved during such year pursuant to their strategies in place. The strategies will be scored across three categories:
 - A. Quality of strategies (20%)
 - B. Implementation of strategies (40%)
 - C. Effectiveness (outcomes achieved) (40%)
- 3) The Panel should also take into consideration:
 - a. any guidance issued by the CRU;
 - b. consultation responses to the SOs Reports;
 - c. the SOs final submissions to the Panel; and
 - d. the views of other members of the Panel.
- 4) For clarity, the Panel will evaluate stakeholder engagement of the SOs, focusing on the SOs' stakeholder strategies and their effectiveness.

3.3. Membership

- 5) The CRU seeks to reach an appropriate balance in the membership of the group, therefore, the CRU will consider the following categories when selecting the membership:
 - Generators (conventional and renewable);
 - Suppliers;
 - Large Energy Users;
 - Academia;

- Community representatives and small customer representatives;
 - Small Generators; and
 - Other stakeholders as appropriate.
- 6) The term of membership shall be two years. Members may be reappointed as appropriate. The members of the Panel will be required to name an alternate, preferably from the same organisation, who can attend the meetings in case of unavailability of the nominated members. However, the CRU would like to highlight that the process will work best if the nominated members are able to commit to attend all meetings during the two years' membership to ensure continuity. The alternates may attend meetings as observers when the member is in attendance.
- 7) The members of the Panel should objectively assess the SOs from the perspective of the category they have been selected for (e.g. generator, supplier, etc.), rather than providing formal representation of the views of all stakeholders in that category. The CRU notes that the SOs' submissions will be consulted upon, providing all stakeholders an opportunity to share their views.
- 8) In order to assess the SOs and discharge their functions effectively the members of the Panel will:
- need to identify potential gaps within the SOs' proposals;
 - be required to understand key concerns of the respondents of the consultations and key issues in relation to the SOs' strategies;
 - be expected to share relevant views at the meetings and provide with potential solutions to issues and/or concerns;
 - be expected to make proactive and constructive contributions to discussions; and
 - be impartial and fair when scoring the SOs.
- 9) After the selection of the members and provision of their consent, a circulation list with contact details of all participants will be created and shared with the members by the CRU. The names and organisations of the members only (i.e. not contact details) will be published on the CRU website.

3.4. Governance

- 10) The CRU will chair the Panel meetings. Primarily the role of the Chair will be to facilitate the discussions of the Panel and ensure the meeting proceeds efficiently. The CRU will not provide the Panel with its own view of the SOs performance or on the appropriate final score.
- 11) The Chair will open and close each meeting, will record the final score of the Panel and confirm the conclusions of the Panel (rationale for the score, recommendations, etc).

- 12) The Secretariat will be a CRU staff member and will be responsible for the administration of the meetings.
- 13) The Panel members will individually prepare initial scores for the DSO and TSO with rationales for that score prior to the first meeting. At the first meeting each member will discuss their scores with the Panel.
- 14) The TSO and DSO will be invited to attend part of the meeting(s) of the Panel to present on their stakeholder engagement strategies and to answer the Panel members questions.
- 15) The Panel will decide on its final scores thorough a process of consensus. For clarity, it will not be necessary for there to be unanimity amongst the members of the Panel for a final score to be decided upon. The Panel will, through a process of discussion, arrive at a collective view that each member of the Panel agrees represents the collective view of the Panel, even if not precisely that of the individual member.
- 16) The Panel will score the TSO and DSO separately, on each of the three criteria listed above. The weightings will then be applied according to the established methodology resulting in a final score from the Panel for each SO.
- 17) The CRU will take the Panel's assessment into account when setting the stakeholder incentive revenues for the SOs. The CRU may take other factors into account where appropriate. Where the Panel is unable to reach a final score by consensus, the CRU will take the discussions and views expressed by the Panel into account when making its decision on the allowed annual network revenues. The CRU considers that the Panel approach will be more effective if the Panel is able to arrive at a score through consensus.

3.5. Meetings Timeframe

- 18) The Incentive Framework requires the SOs to publish a report on the effectiveness of their stakeholder engagement strategies for consultation, by the 31 March each year. The CRU decides on the allowed annual network revenues by the end of June each year. As the incentive payments are an input to this decision the Panel's assessment and its meetings will take place between April and June each year. It is envisaged that the Panel would meet at least twice during this period. With the final score of the Panel being decided at the last meeting of the year.

3.6. System Operator Submissions to the Panel

- 19) The CRU will endeavour that the SOs submit and present their final stakeholder engagement reports on a timely manner. Where the TSO or DSO has failed to do this, the Panel may take this into consideration when setting the final score.
- 20) After the SOs' consultations have closed, the SOs will submit to the CRU their final stakeholder engagement reports, including responses to the consultations, at least five working days in advance of the relevant Panel meeting. Where there is a significant volume of material the SOs will be expected to make their submissions far enough in advance of the meeting for the Panel Members to adequately review all of the material.

3.7. Meeting Administration

- 21) The meetings will be held in Dublin at the CRU's offices.
- 22) The CRU considers that the process would be more efficient if members meet in person. However, remote access facilities may be made available as appropriate.
- 23) The CRU will issue guidance to the Panel members to assist their evaluation of the SOs performance.
- 24) A draft agenda will be circulated with any other relevant meeting materials to the Panel in advance of each meeting.
- 25) After each meeting minutes will be prepared and circulated to the Panel for comment. Minutes will be approved either by correspondence or at the following meeting.
- 26) To promote an open and constructive discussion, detailed minutes will not be prepared. The minutes will cover the key areas of discussion, conclusions and a list of agreed actions.
- 27) The conclusions of the Panel will be agreed at the final meeting. That is, the final scores, the rationale for those scores, any recommendations for the SOs and any other conclusions agreed upon by the Panel. The CRU will then draft a report outlining these conclusions and circulate it by email for comment.
- 28) The CRU will share this report with the SOs prior to a final decision being made on the allowed annual network revenues.

3.8. Review and Revisions to this Process

- 29) The use of a Panel such as this is a new approach for the CRU, given this the CRU may review the effectiveness of the process in two years. As part of this review the CRU will assess the extent to which the assessments of the Panel have facilitated improvements to the quality of EirGrid's and ESBN's stakeholder engagement. The CRU will also have regard to the quality of the Panel's discussions and assessments, and the extent to which its recommendations have been implemented by the System Operators.
- 30) The CRU may also review its guidance and the administration of the meetings each year, taking the views of the Panel into account to make improvements to the process.
- 31) The membership of the Panel will be reviewed every two years or as needed.

4. CRU Decision: Panel Membership

Following the request for expressions of interest set out in the Consultation Paper and the responses received, the members of the Panel are listed below:

- Generators – **IWEA, EAI (represented by ESB G&T)**
- Suppliers – **Electric Ireland, BGE**
- Large Energy Users – **IDA**
- Academia – **UCD**
- Community representative – **Dingle Sustainable Energy Community**

5. Next steps

The first meeting of the NSEE Panel will be on the 28th May 2019 and the CRU will issue guidance to the Panel in advance of this meeting. The Panel will have a second meeting in early June to finalise the scores. Following the meeting, the CRU will share the Panel's assessments with the TSO and DSO prior to making its decision on the annual network revenues at the end of June 2019.

Subsequently, the CRU will publish a NSEE Report which will include an overview of the process and the output of the Panel's assessment.

Annex: Score Methodology

This annex describes how the scores provided by the Panel will be converted into incentive revenues. The mechanism was decided in CER/18/087 and is set out in this Decision paper as background.

The final overall score is calculated by weighting the scores given in each of the three categories and adding them together to get a score between 0 and 10. An example is set out below.

Category	Score	Weighting	Weighted Score
Quality of strategy (20%)	6	0.2	1.2
Implementation of strategy (40%)	7	0.4	2.8
Effectiveness (outcomes achieved) (40%)	8	0.4	3.2
Final Overall Score			7.2

Incentive revenue rewards

The final agreed score of the TSO and DSO will be a number out of 10, as detailed above. The SOs must achieve at least a final score of 5.0 in order to receive any incentive payment. Therefore, the incentive payment will be €0 for any score below 5.0. For scores equal to, or greater than 5.0, the incentive payment will be calculated with the following formula:

$$\text{Incentive payment} = z + (x - 5) * \left(\frac{y-z}{5}\right)$$

Where:

x = the Panel's final score.

y = maximum incentive payment.

z = 10% of maximum payment.

TSO Example

The maximum incentive payment for the TSO shall be 1% of its internal opex, per year. The scoring system is as set out above. An example is given below, considering a maximum incentive payment of €460,000 and a final score of 7.

$$z = 10\% \text{ of } €460,000 = €46,000$$

$$\text{Incentive payment} = €46,000 + (7-5) * \left(\frac{€460,000 - €46,000}{5}\right)$$

Therefore:

$$\text{Incentive payment} = €46,000 + (2 * €82,800) = €210,000$$

Alternatively, it can be seen that a final score of 5 would result in an incentive of €46,000 i.e. 10% of the maximum payment.

DSO Example

The maximum incentive payment for the DSO shall be €1m, per year.

The scoring system is as set out above, such that a final score of 5 is 10% of the available pot, and an amount of €180,000 is available for every point above 5.

An example is given below with a final score of 7 obtained by the DSO:

$$\text{Incentive payment} = \text{€}100,000 + (2 * \text{€}180,000) = \text{€}460,000$$