



**Joint TAO/TSO PR5 Incentive**

**Multi-Year Balanced Scorecard**

**2024-2028**

29<sup>th</sup> September 2023

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## 1. Introduction

CRU/20/154 (Dec 2020) contains direction and guidance to EirGrid as the Transmission System Operator (TSO), and to ESB Networks as Transmission Asset Owner (TAO) and Distribution System Operator (DSO)/Distribution Asset Owner (DAO) on Incentives and Reporting arrangements for the electricity networks Price Review 5 (PR5) period. Section 7.9 of CRU/20/154 relates specifically to a TAO/TSO joint multi-year incentive. Since the introduction of PR5 the TAO and TSO have operated under a joint multi-year incentive scheme. The TAO and TSO are committed to ensuring the successful delivery of PR5, and the joint incentive will enhance collaboration to deliver optimum outcomes for the customer and help to achieve the targets in the Climate Action Plan (CAP).

This submission contains a proposed methodology to incentivise, audit and assess the efficiency of TAO/TSO collaboration during 2024 to 2028 using a multi-year Balanced Scorecard approach as requested by CRU. It contains the targets for the 2024 and 2025 calendar years in a reasonable level of detail, as well as 2026, 2027 and 2028 at high level, under each heading provided for in CRU/20/154, section 7.9. The targets for subsequent years will be confirmed in advance of the relevant calendar year as part of the rolling annual submission and update of the multi-year incentive proposal.

TSO and TAO agreed a new approach with CRU to this year's multi-year plan consultations, whereby input was requested from stakeholders in parallel with drafting and finalising the plans. The TSO and TAO jointly published a Call for Input Consultation Paper in relation to the Joint Multi Year Plan 2024-2028 in July 2023. Section 4 of this document summarises how and where stakeholder consultation feedback was considered in the development of this incentive plan.

The CRU will review the post consultation multi-year plan and consider; the quality of the plan, its suitability for implementation and audit; and its impact across the areas set out in the TAO/TSO joint incentive. This submission covers the period 2024-2028.

Progress against the targets set out within previous multi-year plans does not form part of this document. The TAO and TSO will jointly report to CRU on progress as part of the annual outturn performance reporting, detailing targets achieved, along with identification and justification for any potential deviations from the plan.

The detailed initiatives and plans within this multi-year incentive for 2026 onwards will be considered by the network companies as part of the future development of their PR6 Network Capex regulatory submissions 2026-2030, therefore, more detailed commitments for the full five year period beyond 2025 will not be contained in this multi-year incentive plan.

## 2. Background

### 2.1. Price Review 5 (PR5) Overview

In 2020, CRU set the price control for the PR5 period for EirGrid as the TSO, and for ESB Networks as TAO and DSO/DAO. The PR5 period runs from 2021 to 2025. CRU's decision paper on the TSO and TAO's Transmission Revenue for PR5 was published in December 2020 (CRU/20/152)<sup>1</sup>.

EirGrid (as TSO) is responsible for operating the transmission system in real-time and planning transmission network maintenance and development. ESB Networks (as TAO) is responsible for maintaining the transmission network and undertaking transmission investment at the request of the TSO.

### 2.2. PR5 Reporting and Incentives Framework - Decision Paper (CRU/20/154)

In December 2020 the CRU published a decision paper (CRU/20/154)<sup>2</sup> on Reporting and Incentives for the PR5 period. The document sets out a framework for improving reporting and incentives arrangements, covering activities undertaken by TSO, TAO, and DSO/DAO.

The transmission decisions included in CRU/20/154 cover both reporting/monitoring (section 3) and transmission incentives (section 7). Some decisions apply to the TSO and TAO jointly; others apply to only one party.

Section 7.9 sets out the requirements for the TSO and TAO in the area of Joint Incentives. The full text of the decision is included below for reference.

#### **CRU/20/154- Section 7.9:**

The TSO/TAO joint incentive will require the TSO and TAO to submit a multi-year plan which sets out key milestones and targets against the following areas:

- **Deployment of New Technology:** *ensure that not only are the processes effective in enabling the trialing and piloting of new technology. But also, that the TSO and TAO actively deploy and use new technology on the grid. This metric could include optioneering assessments, deployment of technology and a review of effectiveness.*
- **Project Initiation to CPP Agreed Phase:** *this is an area where efficiencies can be achieved through enhanced collaboration. The TAO and TSO proposed a joint incentive to measure time taken from the issue of Indicative Programmes and CPPs by TSO to reaching CPP agreed with TAO in a calendar year.*

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<sup>1</sup> <https://www.cru.ie/wp-content/uploads/2020/12/CRU20152-TSO-and-TAO-Transmission-Revenue-2021-20252.pdf>

<sup>2</sup> <https://www.cru.ie/wp-content/uploads/2020/12/CRU20154-PR5-Regulatory-Framework-Incentives-and-Reporting-1.pdf>

- **Joint Process Improvement:** *examine the TSO and TAOs performance on the quality and rigor of application of joint processes for identifying and implementing efficiencies in project and programme delivery and other areas of collaboration.*
- **Asset and Programme Data Exchange:** *examine the TSO and TAOs performance on the exchange of information and provision of access to transmission asset and transmission work planning and delivery IT systems, data libraries, asset data, and programme & portfolio data with respect to delivery of transmission network Capex for the PR5 programme. The TSO and TAO will prepare a list of systems and data records relating to transmission assets and transmission work planning and delivery that are required to be shared along with timelines for the provision of data to ensure efficient throughput of the PR5 common design and construction quality review process and eliminate the potential for conflicts. The PR5 reporting framework on data verification may also provide useful insights into the effectiveness of this metric.*

### **2.3. Price Review 6 (PR6)**

The Price Review 6 period commences in 2026 and concludes at the end of 2030. The TSO and TAO will prepare and make detailed Network Capex submissions to the CRU during 2024 therefore the development of this multi-year joint incentive plan takes place within the context of the development of the broader PR6 programme and submission process. It is therefore not considered prudent to make specific programmatic commitments without firstly considering the alignment with the strategic elements of the future PR6 submission. Further detailed information is expected to be available for the 2025 incentive plan development. For the avoidance of doubt, the TSO and TAO will continue to progress existing plans to promote the wider aims of this incentive and to deliver the efficiencies expected by consumers and industry.

### **3. TAO/TSO Joint Incentive Multi-Year Balanced Scorecard 2024-2028**

#### **3.1. Proposal Overview**

This Balanced Scorecard proposal for 2024-2028 builds on the 2023-2027 plan following the same core principles and using a similar format. It is in keeping with the aims of the CRU to move to a broader, more audit-based approach when assessing incentive performance. On that basis TAO/TSO have focussed on key areas where enhanced collaboration between ESB Networks and EirGrid is likely to be of most benefit to our customers during the period 2024-2028, noting the comments made with respect to the overlap with PR6 plans which are currently under development.

Subsequent to the first balanced scorecard proposal submitted covering 2021 only, this is now the third joint multiyear plan and balanced scorecard proposal. This proposal covers the period 2024–2025 in a reasonable level of detail and outlines the approach being taken to develop targets for 2026, 2027 and 2028. Sections 3.2 to 3.5 and Appendix 1 outline the set of proposed joint multi-year incentives 2024-2028. Section 4 of this document summarises how and where stakeholder consultation feedback was considered in the development of this incentive plan.

As intended, the introduction of these joint incentives has enhanced the conditions necessary for new levels of engagement and innovation of approach. The incentive areas within the balanced scorecard are by their nature complex and will therefore, for the most part, be assessed on a qualitative basis by the auditors. Given the complexity of the joint incentive proposals and the approach necessary to progress them, it is not practical to specifically define the incentives in terms of quantitative metrics or granular milestones. The independent external audit approach is therefore the appropriate mechanism to assess the modalities of the steps taken to deliver these joint business improvements and to evaluate the outcomes and implementation of measures which are not yet fully defined. The level of granularity and detail provided within this submission is therefore indicative of the complex matters under consideration. It is anticipated that this submission adequately explains the plan and the rationale and provides sufficient detail to the key stakeholders and partners who are working together to meet national Climate Action Plan targets and regulatory commitments.

### 3.2. Deployment of New Technology

The TSO and TAO are working collaboratively to review new technologies for use in the Technology Toolbox for future transmission network planning and development. The Technology Toolbox tracker features a list of innovative technologies that are currently in the process of being developed to the point of being readily deployable across the transmission system.

For each of the technologies being considered, the tracker features an industry standard Technology Readiness Level (TRL) assessment of between 1 and 8 with 1 being a technology at concept stage and 8 being a technology that can be readily deployed on the system in a business-as-usual manner. A programme of work for each asset category; Overhead Lines, Underground Cables, and Stations, is underway to achieve the steps required to transition these technologies to business as usual.

Deployment of new technologies from the Technology Toolbox significantly contributes to the ability of the system to accommodate renewable connections, and operation of the system with increasing renewable penetration levels to transition to a low-carbon energy system. Examples of these technologies includes Dynamic Line Ratings, Power Flow Controllers and Composite Pole structures. Innovative technologies such as these can result in the successful uprating of lines that was previously not feasible and greatly increasing the efficiencies of power flows in new and existing circuits throughout the system.

The actions will be assessed on a qualitative basis within the joint PR5 multi-year incentive framework. It is proposed for each of the years within the multi-year Balanced Scorecard 2024-28 to target the development of new technology on the transmission system as described in the Balanced Scorecard Matrix in Appendix 1. This now includes plans to demonstrate efforts and success in deploying new technologies, not merely in maintaining a monitoring tool, to achieve a strong performance in line with the expectation outlined in CRU2022989 and CRU202354.

In addition, to meet the requirements set out in CRU202354, the TAO and TSO will produce a Technology Toolbox status report. This report will be sufficiently thorough and exhaustive for CRU to understand which new technologies have been deployed, why some technologies have not been deployed, if this is the case, as well as the overall progress in technology deployment. The Technology Toolbox status report will provide the following:

- Categorisation of the new technologies within the toolbox by stage of assessment and readiness for deployment (TRL).
- A summary of the potential benefits, and the plans for trials / deployment, for technologies deemed ready for deployment.
- A summary of the specific steps the TSO and TAO are taking to ensure these new technologies feature as business as usual (BAU) in next year's programme.
- Details of any barriers or delays to deployment, and if applicable, justification for why certain technologies have not been deployed.
- Overview of the process used to decide certain technologies compared to others.

The multi-year Balanced Scorecard 2024-28 targets for the development of new technology on the transmission system are described in the Balanced Scorecard Matrix in Appendix 1. This matrix will be updated in the next multiyear plan 2025-29 to be submitted to CRU in Q3 2024.

The specific targets for 2024 are outlined below. These proposals are now subject to final CRU guidance and clarifications:

Category	New Technology	Targets For 2024
<b>Overhead Lines</b>	Dynamic Line Ratings	<ul style="list-style-type: none"> <li>• Deployment of a further DLR scheme</li> <li>• Review framework contract to facilitate procurement</li> </ul>
	Composite Crossarm Technology	<ul style="list-style-type: none"> <li>• No target for this technology in 2024</li> </ul>
	Composite Poles Technology	<ul style="list-style-type: none"> <li>• TSO Capital Approval on the first project to utilise Composite Poles Technology<sup>3</sup>.</li> </ul>
<b>Underground Cables</b>	S =/> 3000mm <sup>2</sup> Cu XLPE cable	<ul style="list-style-type: none"> <li>• Support cross-utility review and testing</li> </ul>
	Trefoil formation for 220 and 400kV circuits	<ul style="list-style-type: none"> <li>• Complete review</li> </ul>
	Distributed Temperature Sensing	<ul style="list-style-type: none"> <li>• Complete project and review</li> <li>• Deployment of a further DTS system</li> </ul>
<b>HV Stations</b>	400 kV Series Compensation Project	<ul style="list-style-type: none"> <li>• Complete tender evaluation and contract award</li> </ul>
	Dynamic Power Flow Controllers	<ul style="list-style-type: none"> <li>• Complete tender evaluation and contract award</li> <li>• Complete post award design review</li> </ul>
	Statcom	<ul style="list-style-type: none"> <li>• Complete operational testing of 110 kV Statcoms and put them into service</li> <li>• Project close-out for the three 110 kV Statcom projects</li> </ul>

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<sup>3</sup> Flagford Sligo Capacity Needs (CP0982) - Subject to successful completion of the Portlaoise Composite Poles trial and Design Specification



### 3.3. Project Initiation to CPP Agreed Phase

The continued collaboration between the organisations from the initiation phase of a project through to the agreed parameter stage is an important focus for increased project throughput towards ultimate project delivery. Maintaining a continuous focus from Indicative Programme (IP) issue to Committed Programme Parameter (CPP) agreement is an area where efficiencies can be achieved through continuously enhancing the collaboration between the two organisations, benefits of which have been seen in recent years. This incentive will provide a helpful metric on the continued collaboration between both organisations, leading to the ability to develop project mitigations and to develop process improvements where required. This is a quantitative incentive where the TAO and TSO aim to progress 28 transmission projects from IP to CPP agreed (within the target timeline in the Infrastructure Agreement) for 2024 and 2025. Targets for 2026, 2027 and 2028 will be based on the project throughput needs which continue to evolve for PR6 that have yet to crystallise.

The ambitious target of progressing 28 projects from IP to CPP agreed has increased from 25 in 2021 and 2022 and aligns with the pipeline of projects. Due to the nature of this incentive, the specific projects to which this metric will apply cannot be stated at this time, but the target list of projects will be agreed by TSO and TAO at the start of the relevant calendar year. The target list will also feature a wide range of projects including renewable generation, security of supply and critical system reinforcement projects required to deliver upon ambitious national Climate Action Plan targets and regulatory commitments.

Metric	Target
IP Issued to CPP Agreed	28 x IP Issued to CPP Agreed annually 2024-2025, targets for 2026-2028 to be confirmed as the PR6 programme evolves.

Indicative of the improvement to be achieved and maintained during PR5, this target represents an increase of project throughput within the target time as compared with the PR4 period. The auditors will gauge performance based on the numbers, supported by documented evidence when requested. The improvement in TSO/TAO collaboration will be evident to the auditors based on the quality of monitoring, proactive management, substitution, information flow, and initiatives like batching of projects which will underlay achieving the target.

Individual projects may be delayed or deferred at any stage due to circumstances outside of the control of either the TSO or TAO and may fall from the programme and be validly discounted from this target. However, TSO and TAO are committed to project substitution where possible to maintain the project throughput and to maximise the efficiency and use of resources. The reasons for any potential changes to delivery of the planned projects will be provided to the auditors.

The TSO and TAO will provide an outturn report to CRU, detailing the projects monitored during the calendar year as part of this joint incentive metric, along with clear explanations of any ex-post adjustments, substitutions, and removals. The report will also include a milestone schedule identifying the date of completion of each of the first 5 steps (as applicable); and for those achieving CPP agreement, indicate the proposed TOP delivery year(s). The data in this CPP report will align with the year-end Network Delivery Portfolio (NDP) project milestone data. The NDP was first published by EirGrid in October 2022 and continues to be updated quarterly.

### 3.4. Joint Process Improvements

This metric within the multi-year scorecard will be qualitatively audited and will examine the TAO and TSO's performance in identifying and implementing joint processes leading to efficiencies in project and programme delivery and other areas of collaboration. The successful delivery of the PR5 programme will be enabled by a strong annual performance outcome in the transmission outage programme (TOP), therefore a focus for the TSO and TAO in 2024 and 2025 will continue to be on implementing and embedding initiatives to optimise the TOP outturn delivery performance.

#### Targets for 2024

In 2024 TOP process improvements will include the on-going implementation of the recommendations from a joint TOP working group report in July 2021. In addition, the TSO and TAO will also refer to the Outage Transformation Programme and how initiatives implemented can impact positively on the delivery of projects within the annual outage programme. This programme will enable the improvement of availability and utilisation of transmission outages, as well as improving the management and prioritisation of the portfolio of projects required to deliver the required networks enhancements over the coming years. It is anticipated that projects/programmes in the outage season of 2025 will yield the benefits of this programme. Demonstration of progress in 2024 may include updates on any discussion and agreement with CRU on the justifications for and implications of any revised processes required going forward.

A review of the TLA process will also be completed in 2024, to build upon the success of the TLA approach in previous years. Recommendations to optimise the TLA process will be considered for implementation during 2024, the remainder of the PR5 period, and as required for PR6. Demonstration of progress may include any discussion and agreement with CRU on the justifications for and implications of any revised process, if appropriate.

Metric	Targets for 2024
Joint Process Improvement	Transmission Outage Programme (TOP) Process Improvements
Joint Process Improvement	Transmission Line Assessment (TLA) Process Improvements

#### Targets for 2025 onwards

In 2025, specific TOP initiatives that have the potential to optimise project scheduling and outage times and fit more work into the programme in 2025 (including any initiatives under review, pilot, or implementation during 2025) will be demonstrated to the auditors.

In 2025, TAO and TSO will also demonstrate the business benefits of the proposed early engagement process on priority capital projects for delivery that TSO and TAO have developed and agreed, to accelerate and improve efficiency in the delivery of key projects in the transmission development plan. The TAO and TSO have proposed the agreed process for early engagement to the CRU and will look to implement on receipt of approval. The TAO and TSO will also look to further develop and implement the improved process for early engagement for priority capital projects for the remainder of the decade and beyond.

The inclusion of further collaborative process improvements for 2026 onwards will be reviewed as part of the development of the PR6 Network Capex regulatory submissions and outlined in subsequent multi-year plans.

### 3.5. Asset and Programme Data Exchange

This is a qualitative incentive metric which measures the quality of asset and programme data exchange between the two organisations. The provision of useable data to ensure efficient throughput of projects is essential to processes, programmes, and portfolios for both the TAO and TSO. Both organisations are committed to the proactive and timely provision of information using appropriate systems and data sharing to efficiently deliver transmission network capex for the PR5 programme.

The Asset and Programme Data Exchange inventory completed during 2021 contains the baseline for identifying data exchange improvements in the multi-year plan. The detail and scope of the specific initiatives will continue to develop, and additional asset and programme data exchange improvements will be identified on a rolling basis as part of the multi-year plans. Current multi-year targets are outlined in the Balanced Scorecard matrix in Appendix 1.

#### Targets for 2024

In 2024, TAO and TSO will demonstrate the accessibility, visibility, governance, and assurance of key 'single source' portfolio, programme and project level data and information exchange mechanisms put in place to enable both organisations deliver their strategies and the climate action targets to 2030. Effective programme delivery information exchange arrangements will be demonstrated to the auditors to provide assurance for stakeholders that the required level of TSO and TAO engagement and collaboration arrangements are operating at programme level to optimise transmission capex delivery.

The climate action plan targets to 2030 represent an unprecedented challenge to TSO and TAO in scale and delivery for PR6. Preparing for this challenge requires new levels of collaboration, rigorous planning, and modelling in reviewing PR5 outcomes and preparing the PR6 strategy, plans and submission. In 2024, TSO and TAO will demonstrate to auditors the enhanced PR6 engagement, information exchange and analysis processes implemented in preparing the PR6 submissions.

Metric	Targets for 2024
Asset and Programme Data Exchange	'Single Source' Information Exchange
Asset and Programme Data Exchange	Joint PR6 Preparation Process

#### Targets for 2025 onwards

In 2025 TAO and TSO will further examine and develop the joint approach to the input, upkeep and sharing of programme information and data flows. TSO and TAO will demonstrate progress on moving certain processes and information flows from periodic static (point in time) to more regularly updated information flows refreshed at agreed and predefined frequencies which are closer to real-time programme information inputs and exchange via IT, collaboration and/or data sharing systems operated by TSO or TAO. Systems in scope may include use of systems such as a Programme and Project Management (PPM) system, Project Management Information Systems (PMIS) or leveraging of joint collaboration platforms such as Microsoft Project on-line, SharePoint-on-line, Extranets, or similar systems.

The PR6 submission preparation process will identify further collaboration opportunities in 2025 for the preparation, development, and delivery phase of PR6 from a joint programme perspective. Key initiatives will be identified and selected for implementation in 2025 and, where appropriate, included in the next iteration of the joint multi-year incentive plan 2025-29.

For 2026 onwards, further asset and programme data exchange targets for 2026 onwards will be reviewed as part of the development of the PR6 Network Capex regulatory submissions, and any targets identified will be outlined in subsequent multi-year plans.

### **3.6. Proposed Assessment Principles**

The TAO / TSO propose that the following principles and criteria should apply when auditing and assessing performance against the balanced scorecard:

1. The TAO/TSO may seek an ex-post adjustment to the targets reported for a calendar year, particularly where third-party events, or exogenous events outside of the TAO's or TSO's control, arise and create a measurable and justifiable deviation from planned or forecast performance. Where relevant third-party activities advance the progress of projects and the achievement of specific targets, this too will be noted.
2. Where such issues arise, these will be detailed in the audit materials provided, summarised in the annual TAO/TSO Incentives report, and will include the reasons for any adjustments. Such target adjustments will be validated by the external auditor as part of their audit.
3. Each of the metrics in the TAO/TSO PR5 balanced scorecard should be afforded equal weighting. The weighting is provided to allow for the calculation and partial award of the joint incentive as appropriate.
4. The cost of the audit shall be recoverable by the TSO and TAO under Opex each year.
5. In a multi-year Balanced Scorecard framework, the audit process will assess the evidence provided by the TSO and TAO in reference to the relevant metrics for the applicable calendar year and not for the five-year period.
6. Where a subset of projects is to be reviewed, the auditors will be provided with a full list of applicable projects from which to select a sample to review.
7. The TSO and TAO will advise in which year a material process improvement is deemed to be sufficiently well-developed post implementation to include within a specific audit calendar year.
8. An independent auditor (s) will be engaged to assess performance in this regard who will report the summary audit findings to the CRU. An audit scope document will be prepared jointly by the TAO and TSO. The proposed scoring system is as per the tables included in Appendix 1 and 2.

#### **4. Stakeholder Feedback**

The TSO and TAO jointly published a Call for Input Consultation Paper in relation to this Joint Multi Year Plan 2024-2028 on 31<sup>st</sup> July 2023 with a closing date of 28<sup>th</sup> August 2023. Input was requested from stakeholders in relation to the plans in advance of finalisation and submission of same to the CRU. Two responses were received through the TSO's online consultation portal, one from Bord Gáis Energy (BGE), and one from Wind Energy Ireland (WEI).

Detailed responses to the points raised by the two stakeholders are contained in a separate joint TSO/TAO consultation response document dated 29<sup>th</sup> September 2023. Having reviewed the responses, it is not proposed to amend the metrics contained in the draft joint multi-year plan for 2024-2028. Relevant feedback will be noted and considered for our future plans as we continue to enhance our joint multi-year incentive plan, and if applicable, used as a reference to further develop our Investment Planning and Delivery and Annual Performance Reports.

## **5. Conclusion**

The TAO and TSO believe that this submission provides an appropriate methodology to incentivise efficient collaboration in the period 2024 - 2028. Our proposed approach is in keeping with the philosophy set out in CRU/20/154 and CRU202354. Both qualitative and quantitative metrics are included. This allows the auditor to evaluate incentive performance. This proposal also provides a solid basis for an annual updated submission on the Balanced Scorecard for the TAO/TSO Joint Incentive and the multi-year plan.

The actions in the submission are set out annually for the first 2 years of the incentive plan and noted at a high level for the remaining three years of the plan taking the PR6 submission process into account. This is to provide indicative targets so that the incentive supports progressive delivery and performance across the years, and across Price Reviews 5 and 6. Subject to appropriate governance, the delivery of individual actions may vary to reflect efficient delivery of the overall incentive priorities. Where such dates are provided, it is intended that these are indicative and for information only, and that the incentive outturn assessment will be based on achieving the overall annual deliverables. Full details of the balanced scorecard are provided in Appendix 1.

## APPENDIX 1: Joint TSO/TAO Multi-Year Balanced Scorecard Metrics 2024-2028

Balanced Scorecard for Joint TSO and TAO Incentive 2024 - 2028									
Item	Metric Description	Weighting	Approach	Strong	Acceptable	Below Acceptable	2024 Targets	2025 Targets	2026, 2027 & 2028 Targets
1	Deployment of New Technology (Items 1a, 1b & 1c combined)	25%	See below	See below	See below	See below	See below	See below	See below
1a	Deployment of New Technology (Overhead Lines)		Qualitative	Demonstration of strong performance in the monitoring of the technology toolbox development	Demonstration of acceptable performance in the monitoring of the technology toolbox development	Failure to demonstrate performance in the monitoring of the technology toolbox development	<p><b>Dynamic Line Ratings:</b></p> <ul style="list-style-type: none"> <li>• Deployment of a further DLR scheme.</li> <li>• Review framework contract to facilitate procurement of further DLR schemes.</li> </ul> <p><b>Composite Crossarm Technology:</b></p> <ul style="list-style-type: none"> <li>• No target for this technology in 2024.</li> </ul> <p><b>Composite Poles:</b></p> <ul style="list-style-type: none"> <li>• TSO Capital Approval on the first project to utilise Composite Poles Technology<sup>4</sup>.</li> </ul>	<p><b>Dynamic Line Ratings:</b></p> <ul style="list-style-type: none"> <li>• Finalise framework contract to facilitate procurement of further DLR schemes.</li> </ul> <p><b>Composite Crossarm Technology:</b></p> <ul style="list-style-type: none"> <li>• No target for this technology in 2025.</li> </ul> <p><b>Composite Poles:</b></p> <ul style="list-style-type: none"> <li>• Complete Design, Type and Sample testing of Composite Pole Technology</li> </ul>	Based on PR6 regulatory submissions.
1b	Deployment of New Technology (Underground Cables)		Qualitative	Demonstration of strong performance in the monitoring of the technology toolbox development	Demonstration of acceptable performance in the monitoring of the technology toolbox development	Failure to demonstrate performance in the monitoring of the technology toolbox development	<p><b>S =/&gt; 3000mm<sup>2</sup> Cu XLPE cable:</b></p> <ul style="list-style-type: none"> <li>• Support cross-utility review and testing of this technology.</li> </ul> <p><b>Trefoil formation for 220 and 400kV circuits:</b></p> <ul style="list-style-type: none"> <li>• Complete review.</li> </ul> <p><b>Distributed Temperature Sensing:</b></p> <ul style="list-style-type: none"> <li>• Complete project and review.</li> <li>• Deployment of a further DTS system</li> </ul>	<p><b>S =/&gt; 3000mm<sup>2</sup> Cu XLPE cable:</b></p> <ul style="list-style-type: none"> <li>• Support cross-utility review and testing of this technology.</li> </ul> <p><b>Trefoil formation for 220 and 400kV circuits:</b></p> <ul style="list-style-type: none"> <li>• Project complete.</li> </ul> <p><b>Distributed Temperature Sensing:</b></p> <ul style="list-style-type: none"> <li>• Complete project and review.</li> </ul>	Based on PR6 Regulatory Submissions.

<sup>4</sup> Flagford Sligo Capacity Needs (CP0982) - Subject to successful completion of the Portlaoise Composite Poles trial and Design Specification.

Balanced Scorecard for Joint TSO and TAO Incentive 2024 - 2028									
Item	Metric Description	Weighting	Approach	Strong	Acceptable	Below Acceptable	2024 Targets	2025 Targets	2026, 2027 & 2028 Targets
1c	Deployment of New Technology (HV Stations)		Qualitative	Demonstration of strong performance in the monitoring of the technology toolbox development	Demonstration of acceptable performance in the monitoring of the technology toolbox development	Failure to demonstrate performance in the monitoring of the technology toolbox development	<b>400 kV Series Compensation Project</b> <ul style="list-style-type: none"> <li>Complete tender evaluation and contract award.</li> </ul> <b>Dynamic Power Flow Controllers</b> <ul style="list-style-type: none"> <li>Complete tender evaluation and contract award.</li> <li>Complete post award design review.</li> </ul> <b>Statcoms</b> <ul style="list-style-type: none"> <li>Complete operational testing of 110 kV Statcoms and put them into service</li> <li>Project close-out for the three 110kV Statcom projects</li> </ul>	<b>400 kV Series Compensation Project</b> <ul style="list-style-type: none"> <li>Complete post award design review.</li> <li>Start ground works on 1st installation.</li> </ul> <b>Dynamic Power Flow Controllers</b> <ul style="list-style-type: none"> <li>Commission and energisation of first installation.</li> </ul> <b>Statcoms</b> <ul style="list-style-type: none"> <li>No target for this technology in 2025.</li> </ul>	Based on PR6 Regulatory Submissions.
2	Project Initiation to CPP Agreed Phase	25%	Quantitative	> 80% of target	70% to 80% of target	<70% of target	28	28	Based on PR6 Regulatory Submissions.
3	Joint Process Improvement	25%	Qualitative	Demonstration of strong project delivery process improvement performance.	Demonstration of acceptable project delivery process improvement performance.	Failure to demonstrate project delivery process improvement performance.	<ul style="list-style-type: none"> <li>Embedding TOP process improvements by incorporating shared learning.</li> <li>Complete TLA review and demonstrate enhancements.</li> </ul>	<ul style="list-style-type: none"> <li>Delivery and realisation of benefits of TOP Process Improvements.</li> <li>Develop and implement Improved Early Engagement Processes for Priority Capital Projects.</li> </ul>	Based on PR6 Regulatory Submissions.
4	Asset and Programme Data Exchange	25%	Qualitative	Demonstration of strong Asset and Programme Data Exchange performance.	Demonstration of acceptable Asset and Programme Data Exchange performance.	Failure to demonstrate Asset and Programme Data Exchange performance.	<ul style="list-style-type: none"> <li>'Single Source' information exchange on appropriate digital platforms.</li> <li>New joint PR6 preparation processes.</li> </ul>	<ul style="list-style-type: none"> <li>Joint approach to the input, upkeep and sharing of programme information and data flows refreshed at a predefined frequency</li> <li>New joint PR6 preparation processes.</li> </ul>	Based on PR6 Regulatory Submissions.



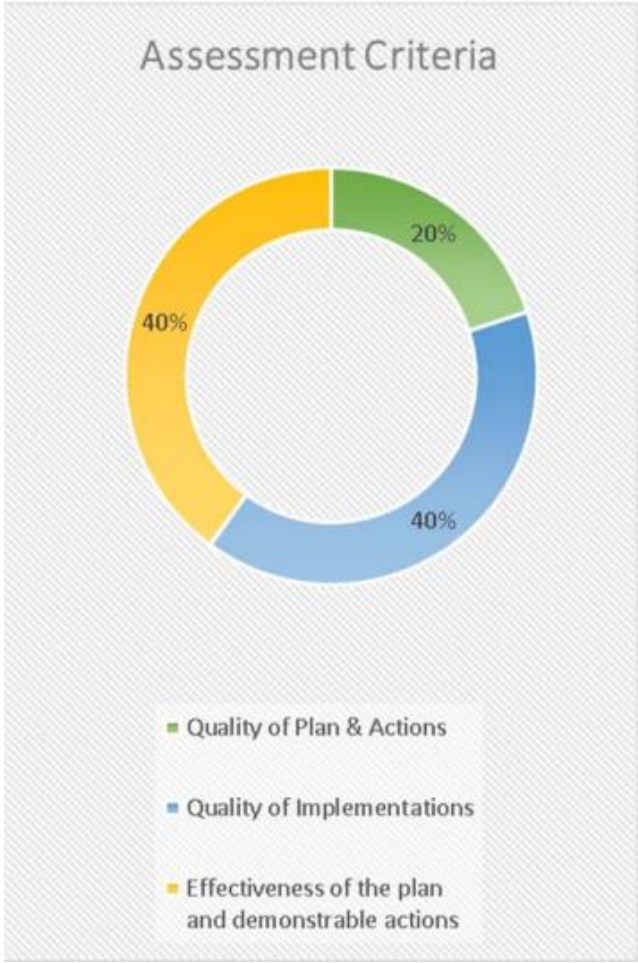
## **APPENDIX 2: Proposed Overall Scoring System**

- An overall weighted average percentage score shall be awarded, as the weighted average of the score within each individual component of the mechanism.
- The incentive revenue earned shall be the overall weighted average percentage multiplied by the total incentive revenue available i.e., for a weighted average score of 50%, the TAO and the TSO shall earn 50% of the available incentive revenue.
- TAO and TSO will be awarded the same percentage of their available annual incentive/penalty –TAO (+/- €1.5m) and TSO (+€0.2m/- €0.1m).

## **APPENDIX 3: Grading for Qualitative Scoring**

The proposed multi-year audit assessment criteria are in outlined in Figure 1.

- An audit in which significant non-compliance is observed will result in a “Below Acceptable” and be awarded a score in the range 0% - 50%. Clear scoring within this range is important for the TAO, TSO, and CRU to identify the appropriate level of remedial action and mitigation needed in response to this performance.
- An audit outturn where processes / performance is good or generally good, meeting customer and auditor expectations and demonstrating evidence of a continued commitment to performance improvement, shall receive an “Acceptable” score, in the range 50-80%.
- An audit where processes / performance is consistently good, meeting customer and auditor expectations, and where there is evidence that performance improvement initiatives are delivering positive impact on performance, shall receive a “Strong” score, in the range >80%



**Figure 1 Assessment Criteria**

## APPENDIX 4: Acronyms

- BAU – Business As Usual
- CAP – Climate Action Plan
- CPP – Committed Project Parameter Document
- CRU – Commission for Regulation of Utilities
- DAO – Distribution Asset Owner
- DLR – Dynamic Line Rating
- DSO – Distribution System Operator
- DTS – Distributed Temperature Sensing
- GW – Gateway
- IP – Indicative Programme
- IPD – Investment Planning and Delivery
- IT – Information Technology
- JPMO – Joint Programme Management Office
- kV – Kilovolt
- NDP – Network Delivery Portfolio
- PMIS – Project Management Information System
- PPM – Programme and Project Management
- PR5/PR6 – Price Review 5/6
- S  $\geq$  3000mm<sup>2</sup> Cu XLPE cable – Cross Linked Polyethylene Copper cable with a cross sectional area equal to or greater than 3000 square millimeters
- TAO – Transmission Asset Owner
- TLA – Transmission Line Assessment
- TOP – Transmission Outage Programme
- TRL – Technology Readiness Level
- TSO – Transmission System Operator
- TSDC – Transmission System Development Costs
- TUoS – Transmission Use of System