TSO Investment Planning & Delivery

PR5 Multi-Year Balanced Scorecard 2025 - 2029

September 2024

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EirGrid

Contents

1 Introduction and Context 3

1.1 Price Review 6 (PR6) 3

2 IPD Scorecard Overview 4

2.1 Proposal Overview 5

2.2 Investment Planning - Steps 1-3 6

2.3 Delivery - Steps 4 & 5 6

2.4 Delivery - Step 6 7

2.5 Timeliness 7

3 Performance Assessment and Incentive Award Scales 8

3.1 Demonstrating Strong Performance 8

3.2 Ex Post Adjustment Process 9

3.3 Reporting 9

3.4 Annual Audit Assessment Principles and Process 9

4 Stakeholder Feedback 10

4.1 Consultation Responses 10

5 Summary 11

Appendix I - Consultation Responses 12

Appendix II – Acronyms 14

1 Introduction and Context

The Commission for Regulation of Utilities (CRU), in its Price Review 5 (PR5) decisions CRU/20/152[1] and CRU/20/154[2], has confirmed the ambitious plans that EirGrid as the Transmission System Operator (TSO) has set out in its PR5 transmission capital programme working towards the delivery of 2030 climate change targets. CRU/20/154 Section 7.8 provides an overview of the aims and objectives of the PR5 Investment Planning and Delivery (IPD) incentives process. The CRU published the 2024 Balanced Scorecard information paper, CRU202405[3], in March 2024. Section 12.3 of the information paper sets out the CRU decision on this incentive for 2024.

This submission contains a proposed methodology to incentivise, audit and assess the TSO's IPD performance during 2025-2029 using a multi-year Balanced Scorecard approach as requested by CRU. It contains the targets for the 2025 calendar year in a reasonable level of detail, as well as 2026 to 2029 at high level, under each heading provided for in CRU/20/154, section 7.8. 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.

The TSO published a Call for Input Consultation in relation to the multi-year plans 2025-2029 in July 2024. Section 4 of this document summarises how and where stakeholder consultation feedback was considered in the development of this incentive plan with further details included in appendix I. 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 IPD incentive. EirGrid's PR5 multi-year IPD plan for 2025-2029 as submitted to the CRU will inform the CRU's Balanced Scorecard 2025 Decision.

The TSO will report to CRU on the progress of this plan as part of the end of year outturn reporting, detailing the targets achieved, progress made and portfolio and system benefits realised, in addition to the identification and justification of any variances 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 the PR6 Network Capex regulatory submission 2026-2030, therefore, more detailed commitments for the full five-year period beyond 2026 will not be contained in this multi-year incentive plan.

1.1 Price Review 6 (PR6)

The Price Review 6 period commences in 2026 and concludes at the end of 2030. The TSO will prepare and make a detailed Network Capex submission to the CRU in Q4 2024, therefore the development of this multi-year 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 development of the 2026 incentive plan. For the avoidance of doubt, the TSO will continue to progress existing plans (including existing Network Delivery Portfolio project and portfolio milestones) to promote the wider aims of this incentive, to achieve Climate Action targets and to deliver the efficiencies expected by consumers and industry.

[1] CRU20076 - TSO and TAO Transmission Revenue for 2021-2025

[2] CRU20154 - PR5 Regulatory Framework Incentives and Reporting

[3] CRU202405 – Price Review Five: 2024 Balanced Scorecards

2 IPD Scorecard Overview

This Balanced Scorecard proposal for 2025-2029 builds on the 2024-2028 plan following the same core principles and using a similar format, with the PR6 exceptions noted above. It is in keeping with the aims of the CRU to improve transparency over the efficiency with which key processes are undertaken and to incentivise appropriate focus on delivery of projects to achieve 2030 targets set out in the Climate Action Plan.

This is the fourth multi-year plan and balanced scorecard, covering the period 2025–2026 (as well as 2027 to 2029 at a high level). The IPD Balanced Scorecard 2025-2029 contains six complementary metrics across the Six Step Grid Development process. It has been updated to incorporate the CRU's feedback from 2022, 2023, and 2024; including the inclusion of additional reporting requirements to the CRU. The TSO will provide information on the timely delivery of its Network Delivery Portfolio (NDP) against the plan, how projects and programmes delivered contribute to meeting strategic goals and ensuring that benefits for consumers are realised. The TSO will also provide detailed reporting to CRU on the progress of projects through the investment cycle as part of this incentive.

Qualitative aspects of the scorecard involve an assessment of the implementation and effectiveness of the IPD plan and demonstrable impacts. Quantitative aspects of the multi-year scorecard are focused on timely delivery to programme, the first of which is an assessment of the delivery of the baselined capital transmission outage programme (TOP) by the TSO and Transmission Asset Owner (TAO). In addition to this, the timeliness metric introduced in CRU20226[4] assesses the TSO's project delivery against the current PR5 plan.

[4] CRU20226 – 2021 Balanced Scorecard Information Paper

2.1 Proposal Overview

The IPD plan for 2025 includes the review, assessment and outturn delivery of targeted performance of the following major infrastructure programmes and portfolios in line with PR5 and EirGrid's annual plans. These metrics are summarised in tables 1 and 2 below:

1. The Network Delivery Portfolio 2025 – published on EirGrid's website[5],
2. The Transmission Outage Plan 2025 – published on EirGrid website[6],
3. Narrative summary on benefits delivered as part of 1 and 2 above and an assessment of timely delivery,
4. Detailed reporting on the progress of projects through the investment cycle.

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 IPD 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. Instead, as above, reference to approved plans and published programmes will be the basis of assessment for the IPD balanced scorecard which will be provided to the CRU. Outturn performance will also be included in the annual IPD report which is published on EirGrid's website[7].

The following sections outline the qualitative and quantitative metrics to be assessed as part of the PR5 multi-year IPD Balanced Scorecard 2025-2029[8].

Multi-Year PR5 Balanced Scorecard 2025-2029						
Metric No.	**Metrics / Outcomes**	**2025 (Specific Targets)**	**2026 (High Level)**	**2027 (High Level)**	**2028 (High Level)**	**2029 (High Level)**
1	Step 1 Approval of Need	Qualitative Review	*Based on PR6 Programme Evolution*	*Based on PR6 Programme Evolution*	*Based on PR6 Programme Evolution*	*Based on PR6 Programme Evolution*
2	Step 2 Approval of Solution Options	Qualitative Review	*Based on PR6 Programme Evolution*	*Based on PR6 Programme Evolution*	*Based on PR6 Programme Evolution*	*Based on PR6 Programme Evolution*
3	Step 3 Approval of Best Performing Option	Qualitative Review	*Based on PR6 Programme Evolution*	*Based on PR6 Programme Evolution*	*Based on PR6 Programme Evolution*	*Based on PR6 Programme Evolution*
4	Step 4-5 Routing & Planning Process Approval	Qualitative Review	*Based on PR6 Programme Evolution*	*Based on PR6 Programme Evolution*	*Based on PR6 Programme Evolution*	*Based on PR6 Programme Evolution*
5	Step 6 - TOP Delivery	Quantitative	*Based on PR6 Programme Evolution*	*Based on PR6 Programme Evolution*	*Based on PR6 Programme Evolution*	*Based on PR6 Programme Evolution*
6	NDP Delivery vs PR5 Submission	Quantitative	*Based on PR6 Programme Evolution*	*Based on PR6 Programme Evolution*	*Based on PR6 Programme Evolution*	*Based on PR6 Programme Evolution*

Table 1: Multi-Year Targets 2025-2029

[5] https://www.eirgrid.ie/grid/grid-reports-and-planning/network-delivery-portfolio

[6] https://www.eirgrid.ie/industry/customer-information/outage-information

[7] Link to Draft 20223 IPD Report: https://cms.eirgrid.ie/sites/default/files/publications/Draft-Investment-Planning-and-Delivery-Report-2023.pdf

[8] CRU202354, Table 35 PR5 Balanced Scorecard Framework

2.2 Investment Planning - Steps 1-3

Metric 1, 2 & 3: Qualitative evaluation of the decisions made in steps 1, 2 and 3.

The Investment Planning metrics for Steps 1, 2 and 3 are qualitative metrics, focused on demonstrating the quality and robustness of the investment planning decision-making and the evidence for which is provided to support each gateway 1-3 decision (the gateway decision takes place within the step). This will assess the efficacy of investment planning decision-making covering system needs assessment, potential technology solutions and best option selection towards meeting strategic goals.

The assessment will be conducted through a review of the documentation provided to support gateway 1 (GW1), GW2 and GW3 investment decisions, and the TSO's own plans contained in the NDP. The assessment will also include a review of where the TSO has considered non-wire alternative technology solutions as part of investment decisions during the calendar year. The gateway investment decisions are not subject to review as part of these metrics.

Under these incentives, the TSO will outline the expected benefits of the investment decisions and newly approved projects to be achieved upon project completion. This will be demonstrated through a summary of the expected benefits in the IPD outturn reporting.

2.3 Delivery - Steps 4 & 5

Metric 4: Qualitative evaluation of the decisions made in steps 4 and 5.

In steps 4 and 5, the TSO is making decisions relating to a preferred location, a detailed site, or a route for certain, typically major, projects. The TSO is also making decisions to lodge planning applications to the applicable statutory authority for relevant projects. It is proposed that the quality and robustness of these decisions will be reviewed by assessing the quality of the documentation provided to support these decisions. The gateway decisions are not subject to review as part of these metrics.

2.4 Delivery - Step 6

Metric 5: Quantitative demonstration of the completion of transmission projects in the annual Transmission Outage Programme (TOP).

In step 6, the TSO and TAO agree a construction programme, then a project is built, energised, and goes live after a period of testing. In order to facilitate the building, energisation and completion of projects, transmission outages are required. The TSO develops ambitious annual transmission outage programmes and collaborates closely with the TAO, generators, and customers to deliver the scheduled work within the programme.

The step 6 TOP metric encompasses all aspects of the timely delivery of the baseline TOP, from development to in-season management, to change management and end of year outturn, by reviewing the annual baseline TOP against actual in-season delivery. The TSO will provide a summary to CRU as to how projects and programmes delivered in the annual TOP contribute to meeting strategic goals and consumer benefits realisation.

The TSO 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. The 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.

2.5 Timeliness

Metric 6: Quantitative assessment of TSO's annual project delivery performance against the PR5 Plan.

The timeliness metric was introduced by the CRU in the 2021 balanced scorecard to incentivise the TSO to deliver its PR5 plan in a timely manner. Under this metric, the TSO's project delivery is assessed against its PR5 plan, to demonstrate the efficiency of projects moving through the development pipeline against the baseline.

The timeliness metric methodology assesses the quantity of Capital Approvals and Project Agreements (CAs & PAs) achieved within the calendar year, and Energisations (EI), which represents the number of projects energised achieved in the calendar year against the TSO's original baseline.

This assessment is based on annual targets of cumulative capex as a % of total PR5 plan capex that has reached the Stage 6 gate where the project is built and goes live. As the Network Development Portfolio has grown through PR5, the TSO has had to evolve how it assesses project delivery. This involves setting an annual baseline which we compare project delivery over the year against. As projects are added to the Network Development Portfolio, their baseline dates are recorded and these projects will be assessed against these dates as they were not included in the PR5 baseline.

3 Performance Assessment and Incentive Award Scales

The 2025-2029 IPD Incentive Balanced Scorecard is outlined in Table 2 below. CRU/20/154 outlined a 3-point audit performance scale of "strong", "acceptable" or "below acceptable" for the PR5 IPD Scorecard, with thresholds aligned with the CRU's 2023 Balanced Scorecards information paper, CRU202354. These performance scales were updated in CRU's 2024 Balanced Scorecards information paper, CRU202405 and the applicable thresholds included are reflected in the table below.

Area	Metric No.	Weighting	Outcomes	Strong €0.9m	Acceptable €0.2m	Below Acceptable -€0.5m
Investment Planning (40%)	**1**	10%	**Step 1** Approval of Need	Audit – Full Assurance	Audit – Satisfactory Assurance	Audit – Limited / Unsatisfactory Assurance
	2	10%	**Step 2** Approval of Solution Options			
	3	20%	**Step 3** Approval of Best Performing Option			
Delivery (40%)	**4**	20%	**Step 4-5** Routing & Planning Process Approval			
	5	20%	**Step 6** TOP Delivery	Greater than 80%	Between 70 – 80%	Less than 70%
Timeliness (20%)	**6**	20%	Timely delivery of the PR5 Plan	Ahead of PR5 plan	In line with PR5 plan	Behind PR5 plan

Table 2: IPD Incentive Scorecard & Performance Award Scale

3.1 Demonstrating Strong Performance

In order to be awarded strong performance during the 2025 – 2029 period, the TSO will need to have implemented additional measures and achieved results over and above what could have been reasonably expected during the period. This can be demonstrated through achieving any one of the following:

- Implementation of process improvements across any of the six steps of the Framework for Grid Development.
- Additional outages included within the TOP to facilitate completion of additional works above the baselined annual TOP programme.
- Efforts undertaken to resolve issues and/or risks materialising that have an impact on the scheduled delivery of high priority projects.

The TSO will detail where and how it has achieved at least one of these additional measures and results as part of its annual audit process to secure a strong performance rating.

In addition, strong performance will also be dependent on the quality of information that the TSO reports to the CRU. TSO is required to provide detailed reports on the progress of projects through the investment cycle with reference to plans and forecasts, and this additional requirement must be achieved in order to secure an acceptable or strong performance rating.

3.2 Ex Post Adjustment Process

The TSO will review its annual performance across the six steps of the Framework for Grid Development and will evaluate how third party actions, or events outside of its control, may have resulted in, or created, a measurable and justifiable deviation from planned or forecast performance. Where third party actions have facilitated accelerated delivery, this too will be noted in the audit process. This ex-post adjustment process may lead to the exclusion of specific targets or form the basis of performance adjustments arising from such actions or events. This process will be documented and form part of the annual audit assessment process.

3.3 Reporting

In addition to reporting on the metrics within the IPD incentive, the TSO will report to CRU on the progression of projects through the Framework for Grid Development in line with plans, focusing on the number of projects and the time taken for projects to pass through the six-steps. This report will include the following:

- Number of projects at each stage,
- Length of time projects spend at each stage,
- Overall time for projects to move through the six-step process,
- Clear indication where timelines of projects have changed,
- Barriers to progress and reasons delaying specific projects against the expected progress.

These additional reporting activities are not subject to audit.

3.4 Annual Audit Assessment Principles and Process

The TSO's review of its annual performance will be subjected to an independent external audit. The independent external audit assessment will follow the framework defined below.

1. The TSO will procure the services of an external auditor to undertake an annual *ex post* audit assessment of the applicable calendar year performance within the PR5 IPD Multi-Year Balanced Scorecard.
2. The audit scope will contain a representative mix of the qualitative and quantitative metrics across the IPD for the applicable calendar year.
3. Where a subset of projects is to be reviewed, the auditors will be provided with a full list of applicable projects and plans from which to select a sample to review.
4. A final audit assessment report, with accompanying TSO commentary, will be provided to the CRU[9].
5. The TSO will provide a high-level summary of its outturn performance, following confirmation from the CRU, in its annual performance report (APR). The draft annual APR report is published for consultation, the final report is reviewed and approved by the CRU prior to final publication.
6. The cost of the audit shall be recoverable by the TSO under opex each year.
7. The TSO supports the approach where the CRU retains a degree of flexibility in the apportionment of a final annual IPD incentive award, within the multi-year framework, taking account of the supporting audit evidence that is provided by the TSO. This flexibility may include a mid-point award or partial award within the award scale, as demonstrated by the TSO's performance within the specific calendar year. This approach has been reflected in CRU's incentive information papers, most recently, in CRU202405, section 14.3.

[9] The IPD incentive audit report is provided to the CRU as part of the annual audit assessment and is commercially sensitive. The IPD incentive audit reports are not for external publication.

4 Stakeholder Feedback

EirGrid as Transmission System Operator (TSO) published a call for input consultation paper on 12th July 2024[10] seeking interested parties' views on the proposed structure of and approach to the TSO's Investment Planning and Delivery multi-year incentives plan 2025-2029. The consultation remained open until 16th August 2024.

The TSO takes a consultative approach to infrastructure delivery and we would like to take this opportunity to thank and acknowledge the inputs and constructive feedback of the consultation respondents. Detailed responses to the relevant comments provided are included in appendix I of this document.

4.1 Consultation Responses

The consultation respondents welcomed the opportunity provided by the IPD consultation process to comment on the PR5 IPD multi-year incentives plan. Responses to the IPD incentive consultation were received from five organisations of which three are relevant to the IPD incentive multi-year plan:

1. Bord Gáis Energy (BGE)
2. Bord na Mona (BNM)
3. Energia

The TSO's IPD outturn submission in early 2025, reviewed by the external auditor, will provide an audit trail from stakeholder feedback to the relevant actions taken by the TSO in 2024. The TSO notes that some comments submitted related to matters of policy and areas which are outside the scope of the aims and objectives of this incentive.

[10] https://cms.eirgrid.ie/sites/default/files/publications/PR5-TSO-Multi-Year-Plans-2025-2029-Call-for-Input-Consultation-Paper.pdf

5 Summary

The PR5 multi-year IPD Incentive framework represents a detailed view of how the TSO's performance will be measured across the six-step process during 2025 to 2029. The assessment methodology is extensive and provides a high level of assurance that the TSO is delivering against its targets to a high standard, in a timely and efficient manner, and that it continuously seeks to go beyond what is required.

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 within this plan without firstly considering the alignment with the strategic elements of the future PR6 submission. As noted above and for the avoidance of doubt, the TSO will continue to progress existing plans to promote the wider aims of this incentive and to deliver the efficiencies expected by consumers and industry.

Appendix I - Consultation Responses

The following sections provide an overview of the consultation submissions received and EirGrid's responses to the IPD incentive matters raised.

1. **Bord Gáis Energy (BGE)**

Comments Received:

BGE asked that the MYP for Investment, Planning and Delivery (IPD) (including metrics 1-6 where appropriate) should incorporate:

- Assessing the quality and rigour of establishing a centralised "priority projects" list within a forward looking TDP (in support of the infrastructure requirements in the SOEF). The assessment would look at the application of a Cost Benefit Analysis (CBA) in Step 1 to establish the urgent project solutions which are then planned into a "priority projects" list that will deliver most impact for the grid to reach the 2030 (and beyond) requirements and alleviate constraints (and by corollary reduce imperfections costs for consumers). The application of a CBA in Step 1 for example can also be instrumental in achieving the "implementation of process improvements" under this incentive. The projects on this priority list must not be delayed or deleted under any circumstances as their priority status makes their delivery by the TSO necessary for success in achieving the governmental energy and environmental targets for 2030 and beyond.

- Improving transparency and reporting in the annual audit assessment report on the contribution of all projects to alleviate grid constraints and congestion, and progress towards 2030 target achievement, as well as the successful (or not) use of the PR5 flexibility mechanism by the TSO to maintain and grow its people resources and expertise to deliver the "priority projects",

- The IPD channel having a timely reporting process to update industry participants on any changes to the IPD planned delivery list,

- An increased threshold for Strong Performance including a higher percentage (>80%) of TOP Delivery, and the earlier delivery in the year of at least 10% of the "priority projects" (see the first bullet above) milestones scheduled for the following year, in addition to the delivery of the priority projects milestones due for that assessment year, the proposed ex-post adjustment of targets demonstrating a very limited tolerance of shifts in timelines for delivery of priority projects.

TSO Response:

Our current reporting framework, established under CRU/20/154, provides a robust structure for transparency and accountability. This includes the quarterly Network Delivery Portfolio (NDP), the Joint Annual Performance Report, and the Joint Annual Investment Planning and Delivery Report, which collectively offer a detailed view of the Infrastructure Delivery performance and the network capital expenditure allowance. The objective of the NDP is to deliver on the EirGrid Group Strategy to transform the power system by 2030 in accordance with Government 2030 targets and Climate Action Plans. We do this by providing a clear and transparent programme over multiple years which maximises the amount of project related work that can take place to reinforce the system, connect customers and ensure the required level of maintenance of the transmission system while ensuring a safe and secure system. The priority projects and work

programmes that the TSO and TAO are implementing annually to deliver upon the 2030 targets are included in the NDP. The TSO will review the noted annual publications to ensure that realised infrastructure portfolio benefits and outcomes are highlighted.

2.2 Bord na Mona (BNM)

Comments Received:

BNM noted that the current Investment, Planning and Delivery incentive metrics are reflective of Ireland's National Development Plan. BNM supports the approach of allocating weighting to the delivery of metrics and appreciates the value of stakeholder engagement in investment and planning.

In the interests of accelerating energy infrastructure and maximising value for consumers, we do however believe a significant proportion of the incentive payment should be linked to actual delivery of infrastructure. Specifically, weighting of investment planning should be reduced to place a higher importance on delivery, rather than simply fulfilling the steps involved in the process.

TSO Response:

There are currently no plans to make submissions to the CRU on the relative weightings for the IPD incentives metrics for PR5. However, this recommendation will be considered as we develop our Infrastructure related incentive proposals to CRU for the PR6 period.

2.3 Energia

Comments Received:

Energia noted that the Investment, planning and delivery of additional grid infrastructure is the most important action that the TSO/TAO can undertake to facilitate Ireland's renewable transition.

The specific targets and metrics that the balanced scorecard is based on need to be ambitious and achievable. With regards to the awards scale, the TSO/CRU should consider whether additional weighting needs to be given to timeliness (currently 20%), as one of the major issues experienced in recent years has been delays to Associated Transmission Rights.

TSO Response:

There are currently no plans to modify the relative weightings for the individual incentives within the Price Review 5 period. However, we will consider this recommendation as we develop our proposals to CRU for the PR6 submission.

Appendix II – Acronyms

APR – Annual Performance Report

BGE - Bord Gáis Energy

BNM – Bord na Mona

CA – Capital Approval

CRU – Commission for Regulation of Utilities

ECP - Enduring Connection Policy

EDFR - EDF Renewables

EI – Energisation Instruction

GW – Gateway

IPD – Investment Planning and Delivery

NDP – Network Delivery Portfolio

PA – Project Agreement

PR4/PR5/PR6 – Price Review 4/5/6

RE – Renewable Energy

RES-E - Renewable Energy Share in Electricity

SNSP - System Non-Synchronous Penetration

SOEF – Shaping Our Electricity Future Roadmap

TAO – Transmission Asset Owner

TDP – Transmission Development Plan

TOP – Transmission Outage Programme

TSO – Transmission System Operator