

# TSO Investment Planning & Delivery

Multi-Year Balanced Scorecard  
2023-2027

Consultation Response Paper

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## Abbreviations

BGE	Bord Gáis Energy
CPP	Committed Project Parameters
CRU	Commission for Regulation of Utilities
DAO	Distribution Asset Owner
DSO	Distribution System Operator
DS3	Delivering a Secure Sustainable Electricity System
EDFR	EDF Renewables
ESBN	Electricity Supply Board Networks
FEI	FuturEnergy Ireland
IP	Indicative Programme
NDP	Network Delivery Portfolio
PR5	Price Review 5
RES-E	Renewable Energy Source - Electricity
SOEF	Shaping Our Electricity Future
TAO	Transmission Asset Owner
TOP	Transmission Outage Programme
TDP	Transmission Development Plan
TSO	Transmission System Operator
WEI	Wind Energy Ireland

# 1. Introduction

EirGrid as Transmission System Operator (TSO) published a consultation paper on 16<sup>th</sup> December 2022<sup>1</sup> seeking interested parties' views on the proposed structure of and approach to the TSO's Investment Planning and Delivery multi-year incentives plan 2023-2027. The consultation remained open until 20<sup>th</sup> January 2023 and included the following consultation statement and question for consideration by stakeholders:

*The purpose of the Investment Planning and Delivery multi-year incentive is to improve transparency over the efficiency with which the TSO's Investment Planning and Delivery processes are undertaken. Do you have comments on the activities proposed to achieve this aim as part of the Investment Planning and Delivery multi-year plan?*

The consultation paper contained a proposed methodology to incentivise, audit and assess the TSO's IPD incentive during 2023-2027 using a multi-year Balanced Scorecard approach as requested by CRU. It contained the specific targets for the 2023 to 2027 period, under each heading provided for in CRU/20/154<sup>2</sup>, section 7.8. The TSO also submit an updated detailed multi-year plan to the CRU following conclusion of the applicable consultation process.

The TSO takes a consultative approach to infrastructure delivery and this paper outlines the TSO's consideration of and responses to the feedback provided. We would like to take this opportunity to thank and acknowledge the inputs and constructive feedback of the consultation respondents. The TSO notes that some comments submitted related to matters of policy and areas which are outside the scope of the consultation.

In the following sections we summarise and respond to the submissions received.

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<sup>1</sup><https://www.eirgridgroup.com/site-files/library/EirGrid/TSO-Investment-Planning-and-Delivery-Multi-Year-Plan-2023-2027-Consultation.pdf>

<sup>2</sup> [CRU20154-PR5-Regulatory-Framework-Incentives-and-Reporting-1.pdf](#)

## 2. Consultation Responses

The consultation respondents welcomed the opportunity provided by the IPD consultation process to comment on the PR5 IPD multi-year incentives plan. The TSO is pleased that there is support for the consultative approach taken to the development of the IPD incentive multi-year plan.

Responses to the IPD incentive consultation were received from five organisations:

1. Wind Energy Ireland (WEI)
2. FuturEnergy Ireland (FEI)
3. Bord Gáis Energy (BGE)
4. EDF Renewables (EDFR)
5. Ørsted

The following sections provide an overview of the submissions received and our responses to the issues raised.

### 2.1 Wind Energy Ireland

#### **Comments Received:**

WEI queried the basis for links between the quantitative and qualitative targets, EirGrid publications and the delivery of 2030 Climate Action Plan targets.

#### **TSO Response:**

The quantitative project information in the IPD is published by the TSO in the Network Delivery Portfolio (NDP) on a quarterly basis as part of the enhanced PR5 reporting decision under CRU/20/154. The NDP is the most ambitious programme of works ever undertaken on the transmission system in Ireland. As an example, the Q4-22 NDP includes 357 projects for completion from now until 2030. In qualitative terms our projects will connect significant volumes of offshore and onshore wind, solar and conventional generation. This work will also reinforce the power system and implement Shaping Our Electricity Future to support the future economic and social development of our country.

Projects that are included in SOEF and the TDP and referenced across the incentive framework are included in the TSO's IPD NDP metric (metric no. 6). The NDP contains the priority projects and work programmes that the TSO and TAO are implementing annually to deliver upon the 2030 targets, and from which the candidate pool of IPD metrics and targets are sourced.

### **Comments Received:**

WEI had a number of comments on Outage Management including:

- *Need for lean approach to outage management. ESB Networks have carried out a project in relation to grid delivery process improvements and we propose this is extended to their implementation of processes to outage management. EirGrid should also be involved in this process.*
- *Improve work practices to make extended work hours to be part of business as usual. Currently practice results in limited outside of office working hours for outage related works. This is resulting in increased constraints of renewable generation (increased CO2 and high costs to consumers) and limiting the amount of outages that are allowed on the system in a year*
- *Improve online publication of outage information, getting the information updated as near to real time as possible. There is also the need for actual outage timeline to be published rather than scheduled.*
- *Improve transparency on how EirGrid have optimised outages to minimise constraints and reduce carbon emissions.*

### **TSO Response:**

The queries in relation to Outage management are beyond the scope of this consultation. The TSO notes that the Joint TSO/TAO Incentive includes a specific focus on TOP process improvements. These will be reported on as part of that process on an annual basis and included in the TSO/TAO Annual Performance Report.

## 2.2 FuturEnergy Ireland

### **Comments Received:**

With regard to the Performance Assessment, FuturEnergy sought clarification:

*“if it is intended to assess the performance of all the capital projects listed in the Network Delivery Portfolio and TOP 2023 or just a subset of them? Form the Proposal Overview in the consultation document we assume it to be the former. Could EirGrid also confirm that all projects identified in the latest Transmission Development Plan and Shaping Our Electricity Future’s Roadmap are included in the NDP. Any additional projects emerging from the SOEF V1.1 Roadmap which is being worked on by EirGrid should also be included”.*

### **TSO Response:**

The IPD TOP metric (no. 5) assesses the outturn performance of the capital projects in the annual TOP. The IPD NDP timeliness metric (metric no. 6) refers to the Q4-22 NDP and the PR5 submission. The TSO confirms that the Q4-22 NDP is the data source for projects reported in the Transmission Development Plan 2023 and that all projects from SOEF are considered for GW 1-3 investment decision at the appropriate time. Projects are regularly added and removed from the NDP as they commence and are completed.

### **Comments Received:**

With regard to Steps 1 and 2 weighting FuturEnergy stated:

*“We would have expected a higher weighting to be assigned to the qualitative metrics in Steps 1 and 2 to ensure there is sufficient focus and incentives on confirming project requirements to meet needs and to ensure they are progressed into the planning and delivery phases in subsequent steps in time for 2030 targets to be achieved.”*

### **TSO Response:**

The TSO believes the metrics are weighted adequately and sufficiently to achieve the stated aims. The qualitative metrics form part of CRU/20/154 and will be reviewed in accordance with the price control mechanism. The TSO advises that projects are prioritised, progressed and reported in the NDP to meet relevant targets. The NDP is an appropriate tool to monitor the advancement of projects. Cumulatively, the investment planning and delivery aspects of this overall incentive have been designed to give a similar level of focus across the plan.

### **Comments Received:**

With regard to Step 1-3 targets, FuturEnergy stated:

*“We also suggest that quantitative metrics be applied to Steps 1-3 to ensure that needs that are identified in EirGrid’s System Needs Assessment are being addressed, with solutions being progressing into capital projects.”*

### **TSO Response:**

The TSO believes the metrics are designed adequately and sufficiently to achieve the stated aims. The overall IPD timeliness metric (metric no. 6) is focused on the timely delivery of the major milestones of capital approval, project agreement with ESB, and Energisation, which is a balance of milestones across the full project lifecycle. Steps are, at times, also combined across the projects therefore the NDP is an appropriate quantitative metric to monitor the advancement of the portfolio as a whole.

### **Comments Received:**

With regard to the IPD incentive focusing on system adequacy, FuturEnergy stated:

*“There should be an incentive that rewards decision making that looks at system adequacy to meet the needs and targets identified in Ireland’s Climate Action Plan. The TSO should be required to demonstrate that they have sufficient projects on a scheduled glide-path to delivery, to be capable of realistically meeting the needs of the system for 2030 with sufficient future proofing to provide capacity for an onshore wind pipeline that is well placed to deliver for targets to 2030 and beyond. Part of the qualitative scoring should reward future proofing in particularly for grid capacity related projects. New circuits, such as 110kV and 220kV cables should be installed so that they can be readily ‘voltage uprated’ if needed in future. New transmission stations, especially ones with hard to extend gas insulated switchgear buildings, should have sufficient space for future expansion for new connections for renewable generation, storage and system reinforcements.”*

### **TSO Response:**

The CRU’s incentive framework for PR5 is designed to achieve the CRU’s PR5 objectives as per CRU/20/154. The TSO takes a consultative approach to infrastructure delivery. Respondents will be invited to submit broader feedback on the design of incentives in due course as part of the consultation process applicable to the next price control, PR6.



## 2.3 Bord Gáis Energy

### Comments Received:

With regard to the delivery of key priorities for 2030 targets - proposed overarching focus for IPD BSC BGE stated:

*“We believe that this incentive multi-year BSC needs to provide confidence to market participants that the TSO is focused on urgently agreeing on and delivering “priority projects” (in support of the infrastructure requirements in the “Shaping Our Electricity Future” roadmap - SOEF) necessary to achieve both the 2030 targets and the major infrastructure programmes such as the arrival of the Celtic Interconnector in 2026.”*

### TSO Response:

The TSO believes the metrics are designed adequately and sufficiently to achieve the stated aims. The TSO publishes the status information on all projects included in SOEF in its Network Delivery Portfolio (NDP) on its website on a quarterly basis as part of the enhanced PR5 reporting obligations under CRU/20/154.

The key 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 NDP is the most ambitious programme of works ever undertaken on the transmission system in Ireland. The Q4-22 NDP includes 357 projects for completion from now until 2030, which will connect significant volumes of offshore and onshore wind, solar and conventional generation. This work will also reinforce the power system and implement the projects contained in Shaping Our Electricity Future to support the future economic and social development of our country.

### Comments Received:

With regard to the Suggested Improvements to the IPD BSC BGE stated:

*“During Steps 1-3 in the Investment Planning area, the TSO should demonstrate rigorous evaluation and choice by the application of a **Cost Benefit Analysis (CBA)** to the candidate projects, especially at Step 1 to identify the “priority projects” (as explained above in section 1).*

*For Steps 4-5 in the Delivery area, the TSO should focus on delivering the priority project list for the next 5 years and it is from this list the projects for this area come for the pending years given that some projects will span years in delivery. To provide confidence in the perceived benefits of each project delivery, we ask that the audit assessment report of the Delivery area (Steps 4-5) demonstrate a review of the impact each project will have on the level of grid constraints and congestion (local or regional) alongside how each project should contribute to achieving 2030 targets.*

*There is the risk of duplication of reward between metric 5/ Step 6 in the IPD incentive and the separate joint incentive for TSO and TAO. We ask that clarity is provided that the same work is not being rewarded twice in two different incentives.*

*Metric 6 (Timeliness) is a key measure for transparency on the delivery of the “priority projects” and for participants to understand that the necessary progress is being made on the critical improvements to the grid. We believe however that assessment under this incentive should be made against a rolling year on-year list of “priority projects” for the next 5 years, and not against the original PR5 plan.”*

### TSO Response:

Investment decisions are made at the end of steps 1-3 following a rigorous assessment using a multi-criteria decision making approach within the six-step process. In steps 4 and 5 the TSO assesses route options and progresses consenting requirements in addition to early scoping and design with the TAO. These activities

will continue to be the focus of the IPD metric assessment. The TSO believes this is the appropriate oversight mechanism.

The TSO advises that there is currently minimum overlap between the TOP metrics contained within the IPD and Joint TAO/TSO incentive frameworks, and therefore low risk of duplicate incentivisation. One assesses programme outturn (IPD) and the other examines process improvements (Joint TSO/TAO).

The TSO also notes the comprehensive reporting framework which is in place for PR5 as part of CRU/20/154. This includes two annual publications, the Joint Annual Performance Report and the Investment Planning and Delivery Report. These reports include summary outturn performance information relating to incentive outturn.

In response to the BGE's statement that timeliness should be assessed against a year on year list of priority projects and not against the original PR5 plan, please note that as per Section 12.3 of CRU20226<sup>3</sup>, the CRU's PR5 2021 Balanced Scorecards Information Paper, the IPD Timeliness metric is based on the TSO's "project delivery performance against its approved PR5 plan". The CRU states (see footnote 8 of CRU20226) that the PR5 plan is as per CRU/20/152, i.e. as per the CRU's PR5 Final Determination Paper.

#### **Comments Received:**

With regard to the Assessment of strength of performance BGE stated:

*"We believe that the threshold criteria used to demonstrate "Strong Performance" (especially in the areas of TOP Delivery and Timeliness) should be strengthened. Strong Performance should be reflective of considerable (beyond BAU) progress to achieve the 2030 targets.*

*We ask that the BSC award scale is adapted to incentivise the soonest delivery of the priority projects to the benefit of the grid and the consumer."*

#### **TSO Response:**

The TSO believes the incentives are designed adequately and sufficiently to achieve the stated aim under CRU/20/154. The TSO takes a consultative approach to infrastructure delivery and respondents will be invited to submit broader feedback on the design of incentives in due course as part of the consultation pertaining to the next price control, PR6.

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<sup>3</sup> [CRU20226-2021-Balanced-Scorecard-Information-Paper.pdf](#)

**Comments Received:**

With regard to the Ex-Post Adjustment BGE stated:

*“The proposal for an ex-post adjustment of targets should demonstrate a very limited tolerance of shifts in timelines for delivery of capacity projects”.*

**TSO Response:**

The TSO advises that the ex-post adjustment principles are applied in limited circumstances to take account of third party events or actions that are outside the control of the TSO and TAO, most notably, where these events prevent the organisations proceeding with projects in line with originally anticipated timelines and schedules. Such material is evaluated as part of the annual audit assessment process.

## 2. 4 EDF Renewables

### Comments Received

With regard to the Clearly Defined Multi-Year Plan, EDF Renewables stated that:

*“We would welcome a joint multi-year plan which includes clearly defined milestones and actions to ensure that the 2030 RES-E targets can be achieved. We believe that the work through to 2030 should be focused on resolving the current challenges which include:*

- o The need for network reinforcements to enable new generator connections.*
- o Constraint and curtailment of generation due to grid limitations.*
- o Connecting both existing and future pipeline projects within required timescales.*
- o Increasing grid capacity to match future increased levels of electricity demand and generation.*
- o Building backbone infrastructure projects for post-2030.*
- o Introducing innovative technologies which enable smart use of the grid.*

### TSO Response:

The TSO believes that the current IPD incentive plan is sufficiently detailed to deliver on the stated aims of improving the transparency by which it communicates its investment planning and delivery activities. The suite of PR5 incentives across the TSO and /or the TAO address the majority of activities noted above.

## 2. 5 Ørsted

### Comments Received

With regard to the contents of the NDP Ørsted stated that:

*“It is essential that investment in grid capacity and delivery of infrastructure is prioritised and increased. We would seek assurance that the baseline Network Delivery Portfolio (NDP) for 2023 used for assessing performance includes(1) the shallow connection projects for ECP2.2 projects which were due offers per ECP timelines by the end of December 2022 and (2) any associated network upgrades”.*

### TSO Response:

The TSO advises that the baseline NDP for 2023 contains all available information on the ECP 2.2 process including a number of pipeline projects which are listed as such. Network upgrade projects which are required by generators will be included in the NDP following assessment and as they reach their capital approval milestone. The NDP is a dynamic portfolio and new projects are added on the regular basis arising from an assessment of their needs.

### Comments Received

With regard to the IPD performance assessment Ørsted stated that:

*“In relation to the Performance Assessment and Incentive Award Scales which currently stand at 40% for investment planning, 40% delivery and 20% timelines we encourage a strong focus on project completion. We are encouraged by the inclusion of this element, and it is essential that it remains strong or is further strengthened. With the information provided it is not clear how the outturn availability is measured”.*

### TSO Response:

The TSO welcomes the respondent’s comments that a major aspect of the IPD incentive is a specific focus on the TOP and Timeliness delivery metrics. The TSO further advises that the outturn availability of generators is not a specific aspect of Capex project delivery measured as part of the TOP metric. The TOP metric calculation can take account of issues that arose during the calendar year which were outside of the control of the TSO and TAO.

### 3. Conclusion

The TSO would like to thank all those who responded to this consultation, which was specifically to receive feedback on our IPD multi-year plans for 2023-2027 as set out in the consultation paper from December 2022.

All responses were reviewed in detail. Having considered the responses received, the draft plan consulted on has been finalised without amendment.