

TSO Investment Planning & Delivery

Multi-Year Balanced Scorecard
2023-2027

Proposal Post Consultation

March 2023



The Oval, 160 Shelbourne Road, Ballsbridge, Dublin D04 FW28
Telephone: +353 1 677 1700 | www.eirgrid.ie

Contents

Contents	2
1 Introduction and Context	3
2 Overview of the PR5 Multi-Year IPD Balanced Scorecard 2023-2027	4
2.1 Investment Planning - Steps 1-3	5
2.2 Delivery - Steps 4 & 5	6
2.3 Delivery - Step 6	6
2.4 Timeliness	6
3 Performance Assessment and Incentive Award Scales	7
3.1 Demonstrating Strong Performance	7
3.2 Ex Post Adjustment Process	8
3.3 Annual Audit Assessment Principles and Process	8
3.4 CRU Assessment Principles	8
4 Summary	9
5 Appendix - Acronyms	10

1 Introduction and Context

The Commission for Regulation of Utilities (CRU), in its Price Review 5 (PR5) decisions CRU/20/152¹ and CRU/20/154², 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 2021 Balanced Scorecards information paper, CRU202226³, in March 2022. Section 12.3 of the information paper sets out the CRU decision on this incentive for 2021, which introduced a new timeliness metric to incentivise the TSO to deliver its PR5 plan in a timely manner.

This submission contains a proposed methodology to incentivise, audit and assess the TSO's IPD performance during 2023-2027 using a multi-year Balanced Scorecard approach as requested by CRU. It contains the targets for the 2023, 2024 and 2025 calendar years in a reasonable level of detail, as well as 2026 and 2027 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.

This document has been prepared for consultation and to enable CRU to review the 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. This submission covers the period 2023-2027.

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

¹ [CRU20152 TSO and TAO Transmission Revenue 2021](#)

² [CRU20154, PR5 Regulatory Framework, Incentives and Reporting](#)

³ [CRU202226, 2021 Balanced Scorecard Information Paper](#)

2 Overview of the PR5 Multi-Year IPD Balanced Scorecard 2023-2027

This Balanced Scorecard proposal for 2023-2027 builds on the 2022-2026 plan following the same core principles and using a similar format. 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 second multiyear plan and balanced scorecard plan, covering the period 2023-2025 (as well as 2026 and 2027 at high level). The IPD Balanced Scorecard 2023-2027 contains six complementary metrics across the six step Grid Development process. It has been updated to incorporate the CRU's feedback from 2022 by including the new "timeliness" metric which was introduced for 2021⁴. The TSO will provide information on the timely delivery of its Network Delivery Portfolio (NDP), how projects and programmes delivered contribute to meeting strategic goals and to ensure that benefits for consumers are realised. The TSO will also provide detailed reporting on the progress of projects through the investment cycle as required 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 TAO. In addition to this, the timeliness metric introduced in CRU20226 assesses the TSO's network portfolio delivery against the PR5 plan, with reference to the TSO's published NDP.

Proposal Overview

For the avoidance of doubt, the IPD plan for 2023 includes the review, assessment and outturn delivery performance of the following major infrastructure programmes and portfolios in line with PR5 plans. These metrics are summarised in tables 1 and 2 below:

1. The Network Delivery Portfolio 2023 - published on EirGrid's website⁵,
2. The Transmission Outage Plan 2023 - published on EirGrid website⁶,
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.

The TSO's proposed IPD Balanced Scorecard for 2021 included quantitative metrics for steps 1 to 5 of the Grid Development process; however, these were not included in CRU20226 and the TSO has amended the proposed IPD Balanced Scorecard for 2023-2027 to reflect this. The introduction of the new timeliness metric is a broader quantitative metric, covering project delivery performance across all 6 steps of the Framework for Grid Development.

⁴ As per section 12.3 of [CRU202226](#)

⁵ [Network Delivery Portfolio - EirGrid website](#)

⁶ [Transmission Outages Plan 2023 - EirGrid website](#)

The following sections outline the qualitative and quantitative metrics to be assessed as part of the PR5 multi-year IPD Balanced Scorecard 2023-2027.

Multi-Year PR5 Balanced Scorecard 2023-2027						
Metric No.	Metrics / Outcomes	2023 (Specific targets)	2024 (Specific targets)	2025 (Specific targets)	2026 High-Level	2027 High-Level
1	Step 1 Approval of Need	Qualitative Review	Qualitative Review	Qualitative Review	Based on PR6 Programme Evolution	Based on PR6 Programme Evolution
2	Step 2 Approval of Solution Options	Qualitative Review	Qualitative Review	Qualitative Review	Based on PR6 Programme Evolution	Based on PR6 Programme Evolution
3	Step 3 Approval of Best Performing Option	Qualitative Review	Qualitative Review	Qualitative Review	Based on PR6 Programme Evolution	Based on PR6 Programme Evolution
~4	Step 4-5 Routing & Planning Process Approval	Qualitative Review	Qualitative Review	Qualitative Review	Based on PR6 Programme Evolution	Based on PR6 Programme Evolution
5	Step 6 - TOP Delivery	TOP23 Baseline	TOP24 Baseline	TOP25 Baseline	TOP26 Baseline	TOP27 Baseline
6	NDP Delivery vs PR5 Submission	NDP23	NDP24	NDP25	Based on PR6 Programme Evolution	Based on PR6 Programme Evolution

Table 1: Multi-Year Targets 2023-2027

2.1 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 (GW) 1-3 decision. 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 carried out through a review of the documentation provided to support GW1, GW2 and GW3 investment decisions, and the TSO's own plans contained in the NDP, the TDP and the Shaping our Electricity Future (SOEF) Roadmap⁷. It is important to note that additional projects can arise when new drivers for investment and needs emerge. The assessment will also include a review of where the TSO has considered, and taken for investments, non-wire alternative technology solutions within the calendar year. The 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. This will be demonstrated through a summary of the expected benefits in the IPD outturn reporting.

The quantity of capital approvals achieved will be also reviewed against the NDP as part of Metric 6 - Timeliness.

⁷ [Shaping our Electricity Future \(SOEF\) Roadmap](#)

2.2 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 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.

Quantitative aspects of these steps are no longer reported within this metric; however, the quantity and timely conclusion of Committed Project Parameter (CPP) documents is included as a specific metric within the TSO and TAO's Joint Incentive Balanced Scorecard multi-year plan.

2.3 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.

2.4 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.

The timeliness metric methodology assesses the quantity of Capital Approvals and Project Agreements (CAs & PAs) achieved within the calendar year, and Energisations (EIs) achieved within the PR5 period, against the quantity of these milestones planned within PR5 plan submitted in December 2019.

As part of this metric, the TSO will report to CRU on the progression of projects through the Framework for Grid Development, focusing on the number of projects and the time taken for projects to pass through each step, and the time taken for projects to pass through all steps collectively.

3 Performance Assessment and Incentive Award Scales

The 2023-2027 IPD Incentive Balanced Scorecard is outlined in Table 2 below. CRU/20/154 outlines a 3-point audit performance scale of “strong”, “acceptable” or “below acceptable” for the PR5 IPD Scorecard. CRU202226 introduced a sixth metric, the timeliness metric, as noted in section 2.

Area	Metric No.	Weighting	Outcomes	Strong - Full Assurance €0.9m	Acceptable - Satisfactory Assurance €0.2m	Below Acceptable – Limited / Unsatisfactory Assurance -€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 or equal to 75%	Between 60 – 75%	Below 60%
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 2023 - 2027 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. The TSO will need to demonstrate how it goes above and beyond expectations to meet the project and portfolio delivery challenges central to TSO commitments under PR5 and the Climate Action Plan.

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 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. A final audit assessment report, with accompanying TSO commentary, will be provided to the CRU⁸.
4. 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.
5. The cost of the audit shall be recoverable by the TSO under opex each year.
6. 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.

3.4 CRU Assessment Principles

As set out in CRU202226, the CRU will have regard to the weightings of the balanced scorecard elements but will consider performance on a holistic basis when setting the final score. This will mean that the CRU will consider all data when deciding a final award. Assessment against the balanced scorecard elements will be based on the quality and delivery of project milestones and submissions.

The balanced scorecard will be assessed by CRU against the following:

1. (20%) quality of the plan and defined actions;
2. (40%) quality of implementation of the plan; and
3. (40%) effectiveness of the plan and demonstrable impacts

⁸ 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 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 2023 to 2027. 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 above and beyond what is required.

The TSO has incorporated feedback received from the CRU⁹ on our proposals for the 2021 and 2022 IPD incentive plans into this revised multi-year plan. This includes a greater focus on the progress in the overall NDP when compared with the PR5 submission data, greater emphasis on the provision of information relating to the contribution of project progress to strategic goals and to customer outcomes, and amendments as to how the specific quantitative milestones are presented within the overall scorecard and plan. The TSO believes that these changes will provide the CRU with a more nuanced and balanced view of PR5 IPD delivery.

The operation of the IPD Incentive Balanced Scorecard framework scoring mechanism has shown that greater flexibility across the 3-point scale would be beneficial to holistically acknowledge the areas where the TSO has received the maximum audit assurance. The TSO believes that such an approach is important for an incentive framework so that it can continue to operate to stretched targets.

⁹ [CRU202226, 2021 Balanced Scorecard Information Paper](#)

5 Appendix - Acronyms

CPP - Committed Project Parameter Document
CRU - Commission for Regulation of Utilities
GW - Gateway - Approval Point in the Six Step Process
IPD - Investment Planning and Delivery
NDP - Network Delivery Portfolio
PR4/PR5/PR6 - Price Review 4/5/6
TAO - Transmission Asset Owner
TDP - Transmission Development Plan
TOP - Transmission Outage Programme
TSO - Transmission System Operator