RP5 Network Investment RIGs

Commentary 2017/18

RP5 Network Investment RIGS Commentary Template

Contents

1. Introduction

1.1 Overview

1.1.1 The commentary template provides the opportunity for the licensee to explain why costs have been incurred and the annual movement in cost levels. It will be used in conjunction with the data tables, to understand the structures and operations of the licensee, to inform future prices controls and monitor the licensee's performance against cost assumptions included in the CC's final determination for RP5.

1.1.2 Guidance on the completion and submission of commentary is included in the Project RIGS Guidance Notes

1.1.3 A full commentary addressing all material issues will help reduce the number of follow up questions and time spent by both the Utility Regulator (UR) and licensee staff.

1.1.4 This document has been created such that the licensee shall insert their comments in the sections identified below in yellow. No additional or freeform document need be created but instead we request the licensee insert an appropriate chapter heading and commentary box in the body of this document where it is necessary to provide additional commentary.

1.1.5 Backup documents referenced in the commentary should be attached as Annexes to the submission of this commentary. An electronic copy of any Annex shall be provided. The file name used for the electronic copy of any Annex should include a reference to the relevant section of the commentary and be structured so that the order of the file name is the order they appear in the commentary.

2.   General Commentary

2.1.1   The licensee should provide general commentary on the following issues

The licensee should identify and provide an explanation of any material issues which, in the licensee's opinion, might prevent it from delivering the RP5 outputs in full.
There were no material issues that prevented the delivery of the RP5 outputs. 44 outputs carried over to RP6 but overall we over delivered against allowance

The licensee should provide general commentary on the allocation of direct costs allowing specific comments on individual allowances to be provided under Section 3.
It should be noted that the basis of allocation for Direct and Indirect costs differs from that used by the CMA in the RP5 Final Determination. The bottom up assessment completed by NIE Networks has resulted in a larger allocation to indirect costs. Therefore if the Network Investment RIGs are assessed in isolation, it would suggest that NIE Networks is performing favourably against the RP5 direct allowances. The UR needs to be mindful of this when assessing these RIGs.*'* It is to be noted that from 1 January 2016 the employees, assets and liabilities of NIE Networks Services Limited (NIE Networks Services) transferred to NIE Networks. NIE Networks Services was therefore a related party for only nine months of the 2015/16 year.

The licensee should provide general commentary on the allocation of indirect costs allowing specific comments on individual allowances to be provided under Section 3.
As no indirect costs are reported under the Network Investment RIGs, no commentary is required. Agreement on not reporting indirect costs is based on the UR comments provided to *NIE Networks* on 24 April 2015 (file name '*UR response to NIE Networks Comments submitted 150403*')

The licensee should provide general commentary on data assurance allowing specific comments on individual allowances to be provided under Section 3.
Using the 'RIGs Submission Assurance Guidance' provided by the UR, NIE Networks developed a 'Data Assurance Guidelines Methodology' for RIGs. NIE Networks Data Assurance Methodology was provided to the UR in July 2015 The intention of this methodology is to ensure that a consistent approach to data assurance is

applied to all RIGs submissions. The key points detailed in the methodology are:

- Explains the roles of staff involved in the RIGs process ('inputters', 'compilers', reviewers, and management sign off).
- Highlights the role of internal audit in the RIGs process.
- Discusses the approach and guidelines for scoring the RIGs submissions in terms of accuracy and process.
- Highlights how the RIGs DAG process aligns with the overall Risk management approach and the lifecycle for data improvement.

In order to test the methodology, NIE Networks carried out a number of internal tests which resulted in adjustments and enhancements to the DAG methodology.
NIE Networks has applied the DAG scoring as per the UR requirements and completed a commentary on the scoring where the accuracy was 3 or 4 or where the process scored high. Note that the wording in the guidance needs adjusted as it currently requires comments for a process score of high or critical. However, it is not possible to score critical based on the process criteria.

Prior to submission, NIE Networks completed a half day workshop where resources involved in the NIP RIGs process came together and challenged the assurance scores. This allowed NIE Networks to ensure the DAG scoring was consistently applied and reflects the confidence that NIE Networks has on the NIP data set.

The Network Investment RIGs are manually collated using excel and asset registers and cost data from SAP. NIE Networks have developed the RIGs DAG from the collated information provided by excel, Asset registers and cost data extracted directly from SAP. As detailed in the RIGs DAG methodology, the next steps in terms of data assurance are for NIE Networks to consider the DAGs scores and determine which areas need to be addressed to improve data quality. NIE Networks will update the UR of any planned or completed changes to business processes or IT systems as they develop. No major changes to processes or IT systems have taken place during the 6 months ended 30 September 2017, (hereafter referred to as H1 2017/18). NIE Networks considers this process will be continuous and will provide updates with each annual RIGs submission.

NIE Networks appreciates that the development and population of the RIGs is a learning experience for both NIE Networks and the UR.

3. Commentary tables per workbook section

3.1 Introduction

3.1.1 For the Project RIGs Reporting Workbook we set out the categories of commentary as follows:

3.2 The Navigation ('Nav') worksheet

3.2.1 Key, version submission control and worksheets

Please detail any suggested edits and rationale for these
No comments required
Additional commentary/documentation
No comments required

3.3 The Change Log worksheet

Please detail any suggested edits and rationale for these
The following adjustments made in 2015/16 to specific projects to align with the project IDs as per the Investment RIGs assurance workbook and the RIGs workbook remain in H1 2017/18. 1. T17,T19 & T20 – Codings realigned to NIE Networks as per agreement with UR 2. New category D102 for Network Access and commissioning. 3. New category D70 for Renewable Investment
Additional commentary/documentation
No comments required

3.4 Transmission & Distribution Allowance Worksheets

D06: Distribution Towers

Additional commentary/documentation
Note that in all sheets, the column for 'asset identification' needs to be set to 'general' rather than 'numeric' Relevant annexes include: Annex 1– Project Allocations (Section 3.4) Annex 2 –Project Allocations Workings (Section 3.4)
Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs.
Provide specific commentary on the assessment of output
Outputs variances detailed within: Annex 3 - Investment Plan Variance Analysis (Section 3.4)
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 2 due to 1 manual intervention on costs. 2 due to 1 manual intervention on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions *Total risk on costs assessed as medium* Total risk on volume assessed as medium

D07: 33kV Overhead Lines

Additional commentary/documentation
Reporting of D07a and D07b supplemented with a third programme D07c (agreed with UR on date 21/4/15) and 4th programme D07d (yet to be agreed with UR) D07d has been included as a place holder with no costs to date. The introduction of a "4th Programme" was previously discussed with the UR but not yet agreed. No 33kV under grounding has been identified at this stage but felt best to include along with D08d in case any schemes are identified before the end of RP5.

Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs.   ONLY APPLY TO DISCRETE CIRCUITS _ FOR INFO Costs with no outputs are generally a/ advanced procurement of materials or b/ circuit clear up as part of job closure Outputs with no costs are generally a/ reconciliation at job closure or b/ circuit clear up
Provide specific commentary on the assessment of output
Output kms for D07a and D07b reported in Excel via Grade 1. Outputs for D07c – presented at summary level only (Total pole numbers) Outputs for D07d – kms reported in Excel from a range of programmes Outputs variances detailed within: Annex 3 - Investment Plan Variance Analysis(Section 3.4)
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 2 due to 1 manual intervention on costs. 3 due to 2 manual interventions on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions Total risk on costs assessed as medium Total risk on volume assessed as high due to use of 2 data systems

D08: 11kV Overhead Lines

Additional commentary/documentation
Reporting of D08a and D08b supplemented with a third programme D08c (agreed with UR on date 21/4/15) and 4th programme D08d (yet to be agreed with UR) D08d has been included as a line item with costs associated with c6 active projects.

Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs.   ONLY APPLY TO DISCRETE CIRCUITS _ FOR INFO Costs with no outputs are generally a/ advanced procurement of materials or b/ circuit clear up as part of job closure Outputs with no costs are generally a/ reconciliation at job closure or b/ circuit clear up
Provide specific commentary on the assessment of output
Output kms for D08a and D08b reported in Excel via Grade 1. Outputs for D08c – presented at summary level only (Total pole numbers) Outputs for D08d – kms reported in Excel from a range of programmes *Annex 3 - Investment Plan Variance Analysis (Section 3.4)*
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 2 due to 1 manual intervention on costs. 3 due to 2 manual interventions on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions Total risk on costs assessed as medium Total risk on volume assessed as high due to use of 2 data systems

D09: LV Lines

Additional commentary/documentation
Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs.

ONLY APPLY TO DISCRETE CIRCUITS _ FOR INFO

Costs with no outputs are generally a/ advanced procurement of materials or b/ circuit clear up as part of job closure

Outputs with no costs are generally a/ reconciliation at job closure or b/ circuit clear up

Provide specific commentary on the assessment of output
D09a – kms in Excel D09b - presented at summary level only (Total pole numbers) D09c&d – kms reported in Excel from a range of programmes *Annex 3 - Investment Plan Variance Analysis(Section 3.4)*
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 2 due to 1 manual intervention on costs. 3 due to 2 manual interventions on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions Total risk on costs assessed as medium Total risk on volume assessed as high due to use of 2 data systems

D10: Undereaves

Additional commentary/documentation
None
Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs. ONLY APPLY TO DISCRETE CIRCUITS _ FOR INFO Costs with no outputs are generally a/ advanced procurement of materials or b/ circuit

clear up as part of job closure
Outputs with no costs are generally a/ reconciliation at job closure or b/ circuit clear up
Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis(Section 3.4)
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 1 due to 0 manual interventions on costs. 2 due to 1 manual intervention on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions Total risk on costs assessed as low Total risk on volume assessed as medium

D11: Cutouts

Additional commentary/documentation
None
Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs. There are no other allocation rules applied to the costs with in this section.
Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis(Section 3.4) Due to volume of Cutouts it is not appropriate to list each individual job. A full list can be provided if required.
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as:

1 due to 0 manual interventions on costs.
1 due to 0 manual intervention on volumes.

NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture.

The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions

Total risk on costs assessed as low
Total risk on volume assessed as low

D13: Primary Plant

Additional commentary/documentation

A credit is reported against project 'RP4 carryover' under D13c 2013. This relates to a reverse accrual carried over from RP4. Costs under this accrual relate to small value commitments identified at end of RP4. These were accrued under one internal order but subsequently settled to multiple internal orders under D13 in RP5.
 	
Note that for D13c, cell H6 should read 'nr' rather than 'sites'.
 	
Relevant annexes include:
  Annex 1– Project Allocations(Section 3.4)
  Annex 2–Project Allocations Workings (Section 3.4)

Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs. There are no other allocation rules applied to the costs with in this section.
Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis (Section 3.4) Note that some of the volumes reported in this category were advanced procured in RP4. Therefore if the unit costs are considered in an RP5 period to date only context, they may appear to be artificially low. Due to the nature of the asset replacement programme, *NIE Networks* will advance procure for use in RP6. Therefore on average the unit cost over the full RP5 period will be reportable. *NIE Networks* requests that the UR consider this fact in any unit cost analysis undertaken.

For line items with no recorded outputs the Asset Identifier has been reported as N/A

Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 2 due to 1 manual intervention on costs. 2 due to 1 manual interventions on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions Total risk on costs assessed as medium Total risk on volume assessed as medium

D14: Primary Transformers

Additional commentary/documentation
Relevant annexes include: *Annex 1– Project Allocations(Section 3.4)* *Annex 2 –Project Allocations Workings (Section 3.4)*
Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs.
Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis (Section 3.4) Note that some of the volumes reported in this category were advanced procured in RP4. Therefore if the unit costs are considered in an RP5 period to date only context, they may appear to be artificially low. Due to the nature of the asset replacement programme, *NIE Networks* will advance procure for use in RP6. Therefore on average the unit cost over the full RP5 period will be reportable. *NIE Networks* requests that the UR consider this fact in any unit cost analysis undertaken. For line items with no recorded outputs the Asset Identifier has been reported as N/A

Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 2 due to 1 manual interventions on costs. 1 due to 0 manual interventions on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions Total risk on costs assessed as medium Total risk on volume assessed as low

D15: Secondary Substations

Additional commentary/documentation
None

Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs. Additional allocation rules specific to this section are: For control purposes all Legality costs are captured against the site internal order where the works are being carried out. These are then apportioned out to D15O Costs allocated due to requirement for three temporary substations to facilitate delivery of the rolling programme.

Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis (Section 3.4) Note that some of the volumes reported in this category were advanced procured in RP4. Therefore if the unit costs are considered in an RP5 period to date only context, they may appear to be artificially low. Due to the nature of the asset replacement programme, *NIE Networks* will advance procure for use in RP6. Therefore on average the unit cost over the full RP5 period will be reportable. *NIE Networks* requests that the UR consider this fact in any unit cost analysis undertaken.

For line items with no recorded outputs the Asset Identifier has been reported as N/A
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 2 due to 1 manual interventions on costs. 1 due to 0 manual intervention on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions Total risk on costs assessed as medium Total risk on volume assessed as low

D16: Distribution Cables

Additional commentary/documentation
None
Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs.
Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis(Section 3.4)
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 2 due to 1 manual intervention on costs. 3 due to 2 manual interventions on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score is High for this category as the collation and reporting of volume data has a significant degree of manual intervention. Total risk on costs assessed as medium

Total risk on volume assessed as high due to use of 2 data systems

D17: Distribution Fault & Emergency

Additional commentary/documentation
No comment required
Provide specific commentary on direct and indirect cost allocation
No comment required
Provide specific commentary on the assessment of output
No comment required
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
No comment required

D20: Distribution Design & Consultancy

Additional commentary/documentation
No comment required
Provide specific commentary on direct and indirect cost allocation
No comment required
Provide specific commentary on the assessment of output
No comment required
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
No comment required

D39: SCADA

Additional commentary/documentation
None
Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs. There are no additional allocation rules applied to the costs with in this section.

Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis(Section 3.4)

Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 1 due to 0 manual interventions on costs. 1 due to 0 manual intervention on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions . Total risk on costs assessed as low Total risk on volume assessed as low

D41: Operational Telecoms Network

Additional commentary/documentation
None

Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs. There are no other allocation rules applied to the costs with in this section.

Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis(Section 3.4)

Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 1 due to 0 manual interventions on costs. 2 due to 1 manual intervention on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture.

The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions

Total risk on costs assessed as low
Total risk on volume assessed as medium

D43: Distribution ESQCR

Additional commentary/documentation
Patrolling &. Trial schemes and compliance work *IT database*
Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs. There are no other allocation rules applied to the costs with in this section.
Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis(Section 3.4)
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 1 due to 0 manual interventions on costs. 3 due to 2 manual intervention on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions Total risk on costs assessed as low Total risk on volume assessed as high

D44: Distribution Capitalised Overheads

Additional commentary/documentation
No comment required
Provide specific commentary on direct and indirect cost allocation

No comment required
Provide specific commentary on the assessment of output
No comment required
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
No comment required

D49: Smart Grid

Additional commentary/documentation
None
Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs. There are no other allocation rules applied to the costs with in this section.
Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis(Section 3.4)
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 1 due to 0 manual interventions on costs. 1 due to 0 manual intervention on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score for this category is Medium for costs and low for volumes. Revised reporting structure in SAP to align internal orders with work streams Total risk on costs assessed as low Total risk on volume assessed as low

D50: Distribution Substation Flooding Enforcement

Additional commentary/documentation
Relevant annexes include:

Annex 1 – Project Allocations
Annex 2 – Project Allocations Workings

Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs. There are no other allocation rules applied to the costs with in this section.
Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis (Section 3.4)
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 2 due to 1 manual interventions on costs. 1 due to 0 manual interventions on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions Total risk on costs assessed as medium Total risk on volume assessed as low

D51: Public Realms

Additional commentary/documentation
None
Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs. There are no other allocation rules applied to the costs with in this section.
Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis(Section 3.4)
Provide specific commentary on assurance including an explanation of any accuracy of 3 or

4 and any process categorisation of high or critical
Accuracy assessed as: 1 due to 0 manual interventions on costs. 2 due to 1 manual intervention on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions Total risk on costs assessed as low Total risk on volume assessed as medium

D57: Distribution Load

Additional commentary/documentation
LV Load Related Reinforcement Schemes includes overloaded ground mounted distribution transformers and voltage complaints

Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs. There are no other allocation rules applied to the costs with in this section.

Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis(Section 3.4)

Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 1 due to 0 manual interventions on costs. 3 due to 2 manual interventions on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score is Medium for this category as the control framework has been in place for more than 12 months and the data has been collated by employees with one years experience of RIGs reporting. Total risk on costs assessed as low Total risk on volume assessed as high due to use of 2 data systems

D70: Substitution for Renewable Investment

Additional commentary/documentation
As agreed with UR a number of projects were substituted to facilitate renewable investment
Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs. There are no other allocation rules applied to the costs with in this section.
Provide specific commentary on the assessment of output
N/A
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as low within DAG

D101: Non Recoverable alterations

Additional commentary/documentation
None
Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs. There are no other allocation rules applied to the costs with in this section.
Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis(Section 3.4)
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 1 due to 0 manual interventions on costs. 1 due to 0 manual interventions on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score is Low for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions Total risk on costs assessed as low Total risk on volume assessed as low

D102 Network Access and Commisioning

Additional commentary/documentation
Cost of time sheeted staff carrying out Network Switching duties
Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs.   There are no other allocation rules applied to the costs with in this section.
Provide specific commentary on the assessment of output
N/A
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as low within DAG

T06: Transmission Plant Switch Houses

Additional commentary/documentation
None
Provide specific commentary on direct and indirect cost allocation
There are no other allocation rules applied to the costs with in this section.
Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis(Section 3.4)
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 1 due to 0 manual interventions on costs.   1 due to 0 manual interventions on volumes.   NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture.   The process score is Low for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions   Total risk on costs assessed as low   Total risk on volume assessed as low

T07: Kells 110kV S/S

Additional commentary/documentation
Single large project to complete by end of RP5– AMI overview

Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs.   There are no other allocation rules applied to the costs with in this section.

Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis

Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 1 due to 0 manual interventions on costs.   1 due to 0 manual interventions on volumes.   NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture.   The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions   Total risk on costs assessed as low   Total risk on volume assessed as low

T08: Tandragee 110kV S/S

Additional commentary/documentation
Single large project to complete by end of RP5– AMI overview

Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No

Indirect costs are reported within the Investment Plan RIGs.

There are no other allocation rules applied to the costs with in this section.

Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical

Accuracy assessed as:

1 due to 0 manual interventions on costs.
1 due to 0 manual interventions on volumes.

NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture.

The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions

Total risk on costs assessed as low
Total risk on volume assessed as low

T09: Castlereagh 11kV S/S

Additional commentary/documentation
Single large project to complete by end of RP5– AMI overview
Provide specific commentary on direct and indirect cost allocation

We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs.

There are no other allocation rules applied to the costs with in this section.

Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as:

1 due to 0 manual interventions on costs.
1 due to 0 manual interventions on volumes.

NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture.

The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions

Total risk on costs assessed as low
Total risk on volume assessed as low

T10: Replace 110kV Switchgear

Additional commentary/documentation
None
Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs. There are no other allocation rules applied to the costs with in this section.
Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 1 due to 0 manual interventions on costs. 2 due to 1 manual interventions on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions Total risk on costs assessed as low Total risk on volume assessed as medium

T11: 275kV Plant Ancillaries

Additional commentary/documentation
Specific site reporting add to query log The current template only includes T11a as a category. These have been extended as discussed with the UR.
Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs. There are no other allocation rules applied to the costs with in this section
Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 1 due to 0 manual interventions on costs. 2 due to 1 manual intervention on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score for this category is High for volumes and Medium for cost as the collation and reporting of volume data has a significant degree of manual intervention. Total risk on costs assessed as low Total risk on volume assessed as medium

T12: 110kV Plant Ancillaries

Additional commentary/documentation
Specific site reporting add to query log The current template only includes T12a as a category. These have been extended to include a number of sub categories as discussed with the UR. Error in volume under T12d in 2016 report corrected in 2017 In addition, the 'reporting years' and 'voltage' columns do not have any drop down menu options. Therefore NIE NETWORKS are adding data directly without the drop downs as agreed with UR.

Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs. There are no other allocation rules applied to the costs with in this section.

Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis

Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 1due to 0 manual interventions on costs. 2 due to 1 manual intervention on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture.   The process score is High for this category as the collation and reporting of volume data has a significant degree of manual intervention.   Total risk on costs assessed as low Total risk on volume assessed as medium

T13: 275/110kV Transformer Replacement

Additional commentary/documentation
With some projects advanced procurement in RP4.

Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs. There are no other allocation rules applied to the costs with in this section.

Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis Note that some of the volumes reported in this category were advanced procured in RP4. Therefore if the unit costs are considered in an RP5 period to date only context, they may appear to be artificially low. Due to the nature of the asset replacement programme, *NIE Networks* will advance procure for use in RP6. Therefore on average the unit cost over the

full RP5 period will be reportable. *NIE Networks* requests that the UR consider this fact in any unit cost analysis undertaken.

For line items with no recorded outputs the Asset Identifier has been reported as N/A

Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 1 due to 0 manual interventions on costs. 1 due to 0 manual interventions on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions Total risk on costs assessed as low Total risk on volume assessed as low

T14: 110/33kV Transformer Replacement

Additional commentary/documentation
With some projects advanced procurement in RP4.   The 'line item' column does not have full drop down menu options. Therefore NIE Networks can only populate for T14a. via drop down. T14b & c populated via manual entry as agreed with UR. Note that the costs associated with T14c are included in T14b.
Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs. There are no other allocation rules applied to the costs with in this section.
Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis Note that some of the volumes reported in this category were advanced procured in RP4. Therefore if the unit costs are considered in an RP5 period to date only context, they may appear to be artificially low. Due to the nature of the asset replacement programme, *NIE*

Networks will advance procure for use in RP6. Therefore on average the unit cost over the full RP5 period will be reportable. *NIE Networks* requests that the UR consider this fact in any unit cost analysis undertaken.

For line items with no recorded outputs the Asset Identifier has been reported as N/A

Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 1 due to 0 manual intervention on costs. 1 due to 0 manual interventions on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions Total risk on costs assessed as low Total risk on volume assessed as low

T15: 22kV Reactor Replacement

Additional commentary/documentation
Procure 2 and install 1. No work years 1 to 3
Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs.
Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 1 due to 0 manual interventions on costs. 1 due to 0 manual interventions on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or

assumptions

Total risk on costs assessed as low
Total risk on volume assessed as low

T16: Transmission Transformer Refurbishment

Additional commentary/documentation
Work to date coolers and painting
Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs.
Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 1 due to 0 manual intervention on costs. 2 due to 1 manual intervention on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score is High for this category as the collation and reporting of volume data has a significant degree of manual intervention. . Total risk on costs assessed as low Total risk on volume assessed as medium

T17: 275kV Overhead Line Asset Replacement

Additional commentary/documentation
NIE Networks and UR have discussed and agreed the alignment of the categories for this reporting area
Provide specific commentary on direct and indirect cost allocation

We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs.

Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis

Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical

Accuracy assessed as:

1 due to 0 manual intervention on costs.
2 due to 1 manual intervention on volumes.

NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture.

The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions

Total risk on costs assessed as low
Total risk on volume assessed as medium

T19: 110kV Overhead Line Asset Replacement

Additional commentary/documentation
NIE Networks and UR have discussed and agreed the alignment of the categories for this reporting area

Provide specific commentary on direct and indirect cost allocation

We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs.

Dampers not reported as separate item. Discussion with the UR is required on this point.

Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis

Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical

Accuracy assessed as:

1 due to 0 manual intervention on costs.
2 due to 1 manual intervention on volumes.

NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture.

The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions

Total risk on costs assessed as low
Total risk on volume assessed as medium

T20: Transmission Cables

Additional commentary/documentation
None
Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs.
Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 1 due to 0 manual intervention on costs. 3 due to 2 manual interventions on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture.   The process score is High for this category as the collation and reporting of volume data has a significant degree of manual intervention. Total risk on costs assessed as low Total risk on volume assessed as high due to use of 2 data systems

T36: Belfast North Main 110/33kV Bulk Supply Substation

Additional commentary/documentation
None
Provide specific commentary on direct and indirect cost allocation
All costs to date direct costs only There are no other allocation rules applied to the costs with in this section.
Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 1 due to 0 manual interventions on costs. 1 due to 0 manual interventions on volumes.   NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions . Total risk on costs assessed as low Total risk on volume assessed as low

T40: Transmission ESQCR

Additional commentary/documentation
None
Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs. There are no other allocation rules applied to the costs with in this section.
Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as:

1 due to 0 manual interventions on costs.
3 due to 2 manual intervention on volumes.

NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture.

The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions
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Total risk on costs assessed as low
Total risk on volume assessed as high due to use of 2 data systems

T42: Substation Flooding Enforcement

Additional commentary/documentation
No work to date
Provide specific commentary on direct and indirect cost allocation
We have described the basis of allocation for direct costs under section 2.1.1 box 2. No Indirect costs are reported within the Investment Plan RIGs. There are no other allocation rules applied to the costs with in this section.
Provide specific commentary on the assessment of output
Annex 3 - Investment Plan Variance Analysis
Provide specific commentary on assurance including an explanation of any accuracy of 3 or 4 and any process categorisation of high or critical
Accuracy assessed as: 1 due to 0 manual interventions on costs. 1 due to 0 manual interventions on volumes. NIE Networks will consider a change to business process with regards to how work is designed, allocated and issued in order to align to cost and volume collection consistent with RIG's data capture. The process score is Medium for this category. The control framework has been in place for more than 24 months and the data has required some interpretation, judgement or assumptions Total risk on costs assessed as low Total risk on volume assessed as low