

# ANNEX 6 LOW PRESSURE OPERATIONAL BUSINESS PLAN

## General

- This template is provided in accordance with 3.17 of the Published Criteria and applicants should refer to sections 3.17-3.20 of the Published Criteria where the requirements in respect of the Operational Business Plan are set out.
- The Operational Business Plan should set out the ability of the applicant to manage all the processes and resources necessary to build and operate the low pressure network in a timely, efficient and safe manner and also to maximise the number of premises connecting to the gas network. In particular, when completing the template applicants should address those matters set out in 3.20 (a) and (b).
- The scope of each section of the Operational Business Plan is provided as a high level explanation of the sections of the workbook and the topic areas within each section in the template. If an applicant considers that it wishes to add information to the template which is relevant to its application it may do so.
- The Operational Business Plan should explain how the costs input by the applicant in the low pressure Data Input workbook were derived. Therefore, if the applicant wishes to append an Excel spreadsheet to the Operational Business Plan to explain how the numbers were derived it may do so.

Low Pressure Operational Business Plan			
Section	Topic Areas		Scope
<b>1. Business Plan Overview</b>	1.1	Purpose of business plan	
	1.2	Executive summary	<p>High level key business operational objectives</p> <p>Summary of proposals to satisfy project delivery with particular reference to the matters in 3.20 of the Published Criteria. The summary should indicate where in the body of the business plan submission the matters referred to in 3.17(a) and (b) and in 3.20 (a) and (b) of the Published Criteria are covered.</p>
<b>2. Organisation</b>	2.1	Structure	<p>Rationale for organisation structure</p> <p>Explanation of the range of business activities and associated resource levels</p> <p>Proposals to manage contract operations</p>
	2.2	Resource levels	<p>Explanation of internal and external resource levels and how these are built up</p> <p>Assumptions associated with the build-up (including efficiency improvement plan)</p> <p>Manpower numbers for all categories of personnel</p> <p>Justification for manpower numbers in relation to the range and volume of business activity</p> <p>Manpower cost build up process is specified to support cost forecasts entered in workbook, and takes account of the progressive development of the business.</p>
	2.3	Competences & accountabilities	<p>Competence management arrangements</p> <p>Professional and academic qualifications and experience associated with key personnel</p> <p>Training and development arrangements for all employees</p>
	2.4	Deployment	Details of personnel deployment to operational locations in the license area

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<b>3. Mobilisation Licences</b>	3.1	Plans and Proposals	Detailed plan and proposals for mobilisation including: <ul style="list-style-type: none"><li>• The internal and external resources required;</li><li>• How these resources will be secured and managed;</li><li>• Timetable for the overall delivery of the low pressure pipeline from licence grant to first operational commencement date. Applicants should explain the timetable, e.g. assumptions, key dependencies, and risks.</li></ul>
	3.2	Resources	Organisational arrangements to secure and manage internal and external resources  Manpower numbers to manage the process  Recruitment arrangements
	3.3	Activities	Provide details of the proposed activities
	3.4	Costs	Details for each activity  Detail of how the cost forecasts entered in workbook are built up
	3.5	Systems	Arrangements to put in place required work and asset management processes  Arrangements to procure required information systems

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3. Mobilisation	3.6	Low pressure system construction	<p>Proposals:</p> <ul style="list-style-type: none"> <li>for engagement with external stakeholders (including but not limited to relevant regulatory authorities, statutory agencies, other licence holders, private entities) necessary to construct a ≤7bar gas distribution system</li> <li>to establish the network design process (Applicants should demonstrate their ability to design an efficient network as part of the Operational Business Plan submission). This should include consideration of whether any high pressure pipelines could be substituted for low pressure pipelines, taking into consideration the most appropriate size of pipeline and the pattern of connections.</li> <li>to initiate materials procurement processes and award contracts</li> <li>for preparation of construction, maintenance and specialist services contract tender documents</li> <li>to initiate the competitive tender process</li> <li>to award the construction, maintenance and specialist services contracts</li> </ul>
	3.7	Mobilisation operations management	<p>Proposals :</p> <ul style="list-style-type: none"> <li>to establish the management team</li> <li>to establish customer contact representatives</li> <li>to establish the information system to support management of the mobilisation process</li> <li>for mobilisation cost monitoring and control, including contingency costs</li> <li>for risk assessment and proposals to mitigate/ resolve identified issues</li> </ul>
4. Governance	4.1	Risk management	<p>Identification and quantification of risk issues, including significant asset risk issues</p> <p>Description of the policy and processes to identify and manage risk issues</p> <p>Description of the procedures to mitigate risk and monitor actions to completion</p>
	4.2	Interaction with UR	Principles/ arrangements to be completed during mobilisation

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			<p>Accountability for regulatory affairs identified in the organisation structure</p> <p>Proposals for periodic reporting of performance, including cost reporting, to the UR</p>
	4.3	Policies & Procedures	<p>Process for development of policies and procedures</p> <p>Process for maintenance/ review of policies and procedures</p> <p>Organisational arrangements for personnel access to current documents</p> <p>Proposals for communication of changes</p>
	4.4	Inspection review QA Audit	<p>Proposals identified for inspection/ review/ QA/ audit</p> <p>Proposed range of operational activities covered</p> <p>Proposals to identify actions and manage to completion</p> <p>Arrangements for feedback into review of policies and procedures</p>
	4.5	Information systems	<p>IT systems proposed to provide management information</p> <p>Proposed approach to provide and disseminate operational activity based cost information</p> <p>Support services requirements identified and resourced</p>
<b>5. Technical</b>	5.1	Safety Case – We will not review applicant’s safety case. Review of safety cases are a matter for the HSE(NI).	<p>Proposed process and timetable for development</p> <p>Proposed arrangements for liaison with and submission to HSE</p> <p>Proposed process for management of change in operational practices</p>
	5.2	Technical policies,	Proposals to have policies covering all operational business activities

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Section	Topic Areas		Scope
		procedures and reference standards	Proposals for training of personnel to ensure understanding
	5.3	Compliance with relevant legislation, industry standards & best practice:	<p>Proposals to incorporate into all policies, procedures and practices</p> <p>Process to maintain awareness of industry practice</p>
	5.4	Network Code	<p>Timetable for completion of the network code and any other appropriate contractual arrangements</p> <p>Accountability for management of processes/ compliance/ issues identified in the organisation structure</p>
	5.5	System performance monitoring, system control arrangements	<p>System control arrangements</p> <p>System performance principles and arrangements</p>
	5.6	Asset records	<p>Key records</p> <p>Arrangements for collection / retention of key records</p>
	5.7	Asset management system	<p>Proposed approach to implement an asset management system</p> <p>Demonstration that asset records are integrated/ aligned with work and financial management processes</p> <p>Proposals for asset life cycle management</p> <p>Proposals to identify and manage developing risk issues</p> <p>Application of RCM (Reliability Centred Maintenance) principles to optimise activity</p>

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	5.8	Emergency Response	<p>Set out standards of performance and rationale</p> <p>Explain emergency procedures development during mobilisation stage (PREs (Public Reported Escapes), emergency incidents, supply constraint etc.)</p> <p>Explain how resource arrangements align with progressive development of business</p> <p>Compliance with single Gas Emergency Number and interaction with other parties within the Utility Industry</p> <p>Arrangements for personnel training and simulation exercises</p>
<b>6. Procurement</b>	6.1	Principles	<p>Identify accountability for development and management of processes in the organisation structure</p> <p>Proposed policies and procedures to ensure compliance with EU requirements</p> <p>Processes, authority levels and financial controls</p> <p>Competitive tendering arrangements and timetable for these</p>
	6.2	Materials	<p>Proposals for contract development</p> <p>Proposals for contract awards during mobilisation period</p> <p>Requirements planning arrangements proposed</p> <p>Stock holding arrangements proposed</p>
	6.3	Construction, Maintenance and Specialist services	<p>Proposals for Services contract development</p> <p>Proposals for contracts award during mobilisation period</p>
<b>7. Business Development</b>	7.1	Plans & processes to achieve targets for	Explanation of how the applicant will meet the pattern of connections set out in the FMA development plan

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Section	Topic Areas		Scope
		growth in demand/connections	<p>This is to include:</p> <ul style="list-style-type: none"> <li>• Justification</li> <li>• Accountability in the organisation structure</li> <li>• Interaction with operations activities planning</li> <li>• Interaction with customers</li> </ul>
	7.2	Plans to maximise the number of premises connected to the gas network	<p>Arrangements for engagement and development of relationships with businesses, social landlords, and potential customers</p> <p>Arrangements for provision of connections to various categories of premise (owner occupied, NIHE, new build, small I&amp;C, large I&amp;C)</p> <p>Specific proposals for promotion of connections to vulnerable customers</p> <p>Standards of service specified</p> <p>Proposals for maximising connections for owner occupier and non-owner occupier customers</p>
	7.3	Interaction with Suppliers	<p>Arrangements for engagement proposed</p> <p>Explanation of how the applicant will coordinate with supply companies to meet respective licence obligations</p> <p>Proposals for planning and coordination of activity</p> <p>Proposals to interact with industry forums as appropriate</p> <p>Arrangements, including all relevant systems to support a competitive retail market</p>



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	7.4	Public Relations	Set out range of activities and stakeholders proposed and the rationale for these
<b>8. Operational Cost Forecasts</b>	8.1	Cost forecasts (work book submission)	Explanation of cost build-up Explanation of assumptions used and their appropriateness
	8.2	Alignment with the business plan	Explanation of how activity and cost forecasts in the workbook accord with stated objectives of this business plan
	8.3	Activity costs build up	Range of activities set out covers all operational costs which will be incurred under the licence Each activity fully detailed  Rationale is set out Proposals for which activities will be tendered Identification and quantification of risks
	8.4	Cost management	Explanation of review processes for costs incurred  Explanation of information systems for managing costs
	8.5	Efficiency improvement plans	Set out efficiency improvement plans and explain the rationale for this and justification, including with reference to the workbook submission.  Explanation of how innovation and technology transfer will contribute to efficiency improvement and cost reduction.  Set out the proposed process to benchmark performance against comparable businesses

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<b>Section</b>	<b>Topic Areas</b>		<b>Scope</b>
<b>9. Capital expenditure costs</b>	9.1	Alignment with the business plan	Explanation of how activity and cost forecasts in the workbook accord with stated objectives of this business plan
	9.2	Activity build up	Range of activities set out covers all capital expenditure costs which will be incurred under the licence Each activity fully detailed Rationale is set out Proposals for which activities will be tendered
	9.3	Cost management	Explanation of the review processes for costs incurred Explanation of the information systems for managing costs
<b>10. Finance costs</b>	10.1	WACC (workbook submission)	Explanation of build-up of the WACC Explanation of assumptions used and their appropriateness