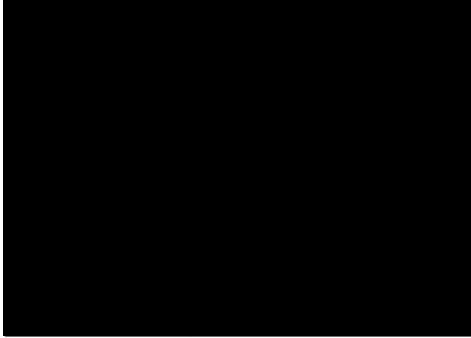


30 September 2019



OIA request - TPM cost benefit analysis and terms of reference

I refer to your letter dated 2 September 2019, in which you requested the following information:

1. Who prepared the cost benefit analysis that forms the basis of the 2019 TPM Issues paper
2. If prepared by an external firm, the terms of reference (excluding financial matters)
3. Did the Authority have the CBA work peer reviewed?
4. If so, the documents that form that review.

We have assessed your request in accordance with the Official Information Act 1982 (OIA).

To answer your questions in turn:

1. The CBA was prepared by Strata Consulting Limited, in partnership with Sense Partners Limited
2. The terms of reference are the description of services specified in the contract between the Authority and Strata Consulting Limited. The relevant extracts from the contract and the variations to the contract, are attached.

Ref	Document	Comment	Date
2.1	AoG Consultancy Services Order (original contract with Strata Consulting Limited)	Released in full (although parts of the contract not covered by the scope of the request have been redacted)	2 August 2018
2.2	AoG Consultancy Services Order – variation (first amendment to the original contract)	Released in full (although parts of the variation not covered by the scope of the request have been redacted)	19 October 2018
2.3	Variation to AoG	Released in full (although	21 December 2018

Ref	Document	Comment	Date
	Consultancy Services Order (second amendment to the original contract)	parts of the variation not covered by the scope of the request have been redacted)	
2.4	Variation to AoG Consultancy Services Order 18-19C05 – variation C (third amendment to the original contract)	Released in full (although parts of the variation not covered by the scope of the request have been redacted)	26 June 2019

3. Yes.

4. The CBA was carried out in three phases:

- recommendation on the high-level methodology
- elaboration on the CBA methodology/methodologies that would be used and identification of the expected inputs, assumptions, sensitivities, and scenarios that will be required
- substantive analysis and compilation of the CBA.

We had the CBA reviewed as follows:

- Advisian (Worley Parsons NZ Limited) reviewed each of the three phases
- Brian Bull checked the detailed workings of the CBA (phase 3)
- Electricity Authority internal staff, including those with experience in CBAs and in the Python and R programming languages, also carried out a peer review (at phase 3). This included reviewing the programming code and the output data relating to the power system (eg, demand, generation, energy flows to and from batteries).

The documents that form the review are set out in the following table.

Ref	Document	Comment	Date
Advisian			
4.1	AoG Consultancy Services Order (original contract with Advisian)	Released in full (although parts of the contract not covered by the scope of the request have been redacted)	11 September 2018
4.2	Email from Advisian –	A paragraph from an	28 September 2018

Ref	Document	Comment	Date
	comments on the final draft of the Phase 1 CBA paper	email to Advisian has been redacted because it is outside the scope of the request	
4.3	AoG Consultancy Services Order – extension to contract at 4.1	Released in full (although parts of the variation not covered by the scope of the request have been redacted)	29 October 2018
4.4	Email from Advisian – attaches the report “CBA Phase Two Working Paper Review”	Released in full	27 November 2018
4.5	AoG Consultancy Services Order (original contract)	Released in full (although parts of the contract not covered by the scope of the request have been redacted)	18 February 2019
4.6	Report comments from Advisian	Email released in full. Relevant pages of report released in full (pages on which there are no comments are outside the scope of the request)	8 May 2019
4.7	Variation to AoG Consultancy Services – Variation A – extension to contract at 4.5	Released in full (although parts of the variation not covered by the scope of the request have been redacted)	31 May 2019
4.8	Comments from Advisian under cover of email	Released in full	13 June 2019
4.9	Letter from Advisian – report on the role	Released in full	25 June 2019

Ref	Document	Comment	Date
	Advisian had performed in reviewing the CBA		
Brian Bull			
4.10	Contract with Brian Bull (Schedule 1 specifies the terms of reference)	Released in full (although parts of the contract not covered by the scope of the request have been redacted)	24 February 2019
4.11	Email chain re wealth transfers, ending with email from Brian Bull	Released in full	Final email 21 March 2019
4.12	Email chain re TPM progress and checking activities, ending with email from Jo Mackay	Released in full	11 May 2019
4.13	Email from Brian Bull re Second tier methodological issues	Released in full	4 June 2019
4.14	Letter to Brian Bull – amendment to contract at 4.10	Released in full (although parts of the variation not covered by the scope of the request have been redacted)	11 June 2019
4.15	Master checking sheet – CBA (spreadsheet)	Released in full [available on emi]	11 June 2019
4.16	Email from Brian Bull - progress report on checking the TPM CBA	Released in full	20 June 2019
4.17	Email chain re Brian Bull's checking of the CBA	Released in full (although parts of the email outside the scope of the request have been redacted)	Final email 20 June 2019
Internal staff review			

Ref	Document	Comment	Date
4.18	Internal staff comment on modelling (Roger Procter and Tim Sparks)	Released in full	<i>Date?</i>
4.19	Email from Doug Watt	Released in full	2 July 2019
4.20	Email from Doug Watt	Released in full	5 July 2019
4.21	Spreadsheets summarising internal peer review	Released in full [available on emi]	
4.22	Python code – 2 files, checking specific parts of the CBA , with annotations	Released in full [available on emi]	
4.23	Python code – checking output data	Released in full [available on emi]	

For the items above that are stated to be available on emi, this means that we have placed the document on our emi website (emi.ea.govt.nz).

If you have any questions about the information we have provided, please contact Jean-Pierre de Raad at jean-pierre.deraad@ea.govt.nz.

Yours sincerely



James Stevenson-Wallace
Chief Executive

