

## AoG Consultancy Services Order – variation

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Part C – Variations to Part A

Revised scope and/or timeframe and/or quality requirements for provision of Consultancy Services

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- 1) The Authority and the Provider have agreed to vary the Consultancy Services Order for the CBA Preparation Services for the Transmission Pricing Methodology Review (CSO) in order to:
  - a. increase the Provider's fees for Step 1 of the CBA Preparation Services for the Transmission Pricing Methodology Review
  - b. allow the Provider to deliver Step 2 of the CBA Preparation Services for the Transmission Pricing Methodology Review
  - c. add extra Nominated Personnel to the CBA Preparation Services for the Transmission Pricing Methodology Review.
- 2) To deliver the variations above, the Authority and the Provider agree to:
  - a. replace clause 1.7) of the consultancy services order with:

"1.7) Subject to the Authority approving the deliverables in the CSO, the subsequent steps will be covered in separate variations to this CSO, with time frames and specific deliverables agreed in those variations. Likewise, other variations may be raised as required to cover the work referred to in clause 1.5(d) to (g).";
  - b. insert, after clause 2.3) of the CSO:

"2.4) For Step 2 of preparing the CBA for the proposed TPM guidelines, the Authority requires the Provider to do the following:

*Deliverable 1*

- a. Develop a simple CBA model in Microsoft Excel to:
  - i. clarify how key costs and benefits relate to each other (e.g., effects on distributed generation investment and transmission investment from removing the regional coincident peak demand charging methodology)
  - ii. provide examples of how costs and benefits are going to be measured in the final CBA (e.g., calculation of consumer welfare changes)
  - iii. explore key parameters (e.g., future costs of distributed generation assets).

*Deliverable 2*

- b. Make final recommendations to the Authority on the modelling, and associated software, the Authority and the Provider will use in the CBA, following evaluation of the advantages and disadvantages of:
  - i. the modelling identified in Step 1 for use in preparing the CBA
  - ii. alternatives to the modelling identified in Step 1 for use in preparing the CBA (e.g., alternatives to the use of the generation expansion model (GEM)).
- c. Specify the requirements for modelling the Authority will do when preparing the CBA (e.g., GEM; vectorised scheduling, pricing and dispatch (vSPD) model).

*Deliverable 3*

- d. Specify, as far as possible, the requirements for data necessary to prepare the CBA
- e. Specify the requirements for data the Authority agrees to gather, or assist the Provider to gather, to enable the Authority and the Provider to prepare the CBA.

*Deliverable 4*

- f. Drawing on the material produced for Deliverables 1, 2 and 3, prepare a working paper on the proposed TPM guidelines and the current TPM guidelines, that describes (to the same level of detail that would be used when the Authority consults on the CBA):
  - i. the benefits and costs that will be quantified using one of the high-level methodologies identified in Step 1
  - ii. the benefits and costs that will not be quantified using one of the high-level methodologies identified in Step 1

- i. for each high-level methodology to be used to quantify benefits and costs:
  1. a description of the methodology, including the modelling to be carried out under the methodology
  2. the future scenarios that will be considered
  3. the necessary input data
  4. all known assumptions and parameters
  5. the sensitivity analysis that will be undertaken.
- ii. the approach to assessing the benefits and costs that will not be quantified using a high-level methodology identified in Step 1, including:
  1. the future scenarios that will be considered
  2. all known assumptions and parameters.

2.5) The Provider must prepare the deliverables in clause 2.4) in accordance with the following timeline:

*Deliverable 1*

- a. The Provider must develop a simple CBA model by 26 October 2018 and provide the model to the Authority. Authority staff are to provide feedback within 6 business days (ie, 2 November 2018) for the Provider to consider.

*Deliverable 2*

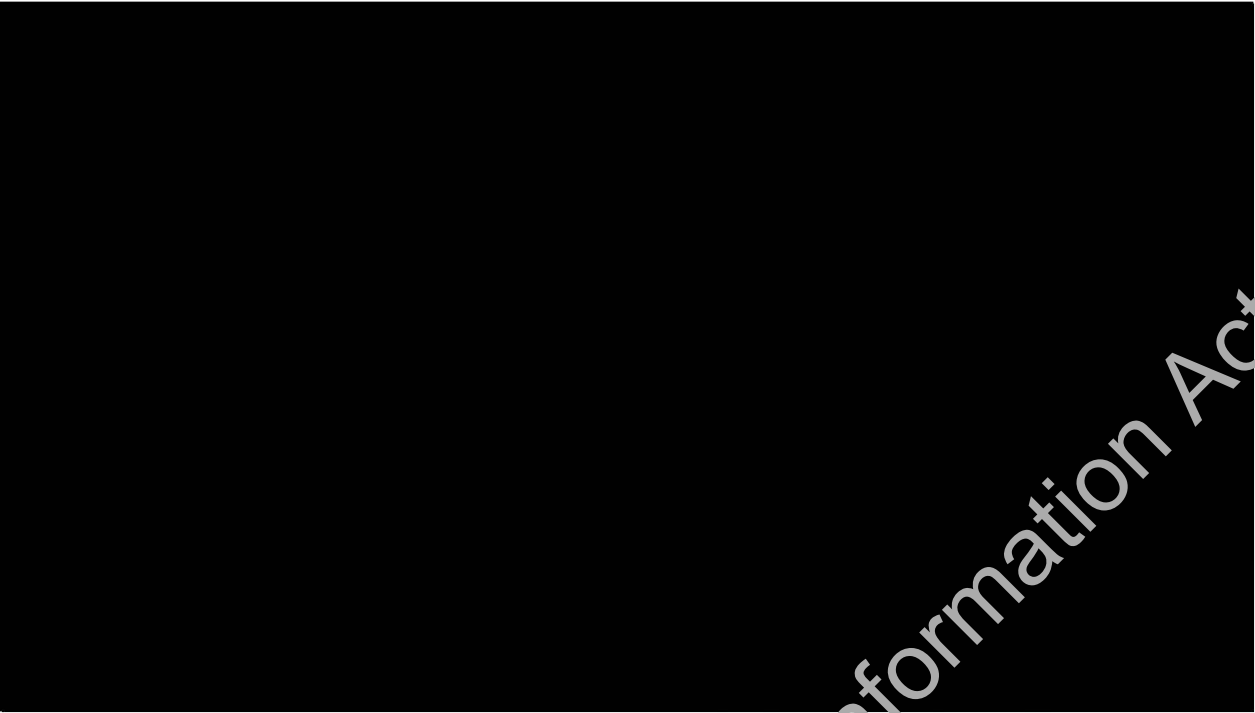
- b. The Provider will provide the final recommendations on the modelling, and associated software the Authority and the Provider will use in the CBA, to the Authority by 26 October 2018, subject to the Provider and Authority staff meeting to discuss draft recommendations by 26 October 2018.
- c. The Provider will provide the requirements for modelling the Authority will do when preparing the CBA to the Authority by 2 November 2018.

*Deliverable 3*

- d. The Provider will provide the requirements for data necessary to prepare the CBA to the Authority by 26 October 2018.
- e. The Provider will provide the requirements for data the Authority agrees to gather, or assist the Provider to gather, to enable the Authority and the Provider prepare the CBA, to the Authority by 2 November 2018.

*Deliverable 4*

- f. The Provider will provide a draft working paper to the Authority by 2 November 2018. Authority staff and the CBA Reviewer will provide feedback to the Provider within 5 business days of the Authority receiving the draft working paper (i.e., 9 November 2018 at the latest), for the purpose of the Provider preparing a final draft of the working paper.
- g. The Provider will provide a final draft of the working paper to the Authority by 16 November 2018. Authority staff and the CBA Reviewer will provide feedback within 3 business days of the Authority receiving the final draft of the working paper (i.e., 21 November 2018 at the latest), for the purpose of the Provider preparing the final working paper.
- h. The Provider will provide the final working paper to the Authority by 23 November 2018.”;



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