

From: [Andrew Springett](#)
To: [Andrew Springett](#)
Subject: Dpc 4.6: FW: Report Comments
Date: Thursday, 26 September 2019 2:57:13 PM
Attachments: [image003.png](#)
[1143341_1_2019_TPM_CBA_report_v0.6_EW_Comments.DOCX](#)

From: Jo Mackay
Sent: Wednesday, 8 May 2019 6:08 PM
To: Tim Sparks; Jean-Pierre de Raad
Subject: Fwd: Report Comments

From Eric. Coming to you for a look before sending to Phillip and John.

Jo

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From: Westergaard, Erik (Wellington) <erik.westergaard@advisian.com>
Sent: Wednesday, May 8, 2019 4:56 PM
To: Jo Mackay
Subject: Report Comments

Jo – I have marked up comments for your consideration in the attached document. But first some general comments:

1. This CBA is showing benefits that are significantly higher than those identified by Oakley Greenwood. This is not a comment on the results, but rather is highlighting the potential for people to question the accuracy of the current analysis. There is little if any "story" to be followed in the material I have reviewed.
2. The report is not consistent in terms of who the consumer is. At times it would seem to be the EDB as the grid connected at others the end-use customer is the consumer..
3. While assumed benefits are covered, no consideration appears to have been given to dis-benefits. For example, how is a reduction in security and reliability arising from increasing peak demand associated with the removal of RCPD charges assessed in the results?
4. Section 8 is highly reliant on energy price changes giving rise to welfare benefits. Perhaps this is covered in another section, but how are energy, reliability, voltage, and other constraints modelled or is an unconstrained grid assumed? What are the inputs to the pricing model?
5. How is the use of risk management tools such as forward contracts, reflected in the analysis? Most consumers – whether end-users or energy retailers only have a small portion (if any) of their consumption subject to price change that might drive welfare benefits. Or is the simplifying assumption that spot price changes are passed through on a 1:1 basis?

Happy to talk through any of my comments with you or members of your team.

Regards
Erik

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