

Updated Country Energy load profile

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The analysis undertaken by Frontier Economics for its final report on Energy Costs, dated March 2007, used load profile data provided to IPART by Country Energy in late 2006. In March 2007 Country Energy provided IPART with an updated forecast of their regulated customer load profile as part of the electricity retail price determination for the period 1 July 2007 through 30 June 2010.

This revised load profile data was not received in sufficient time to include in Frontier's final report. The Tribunal relied on Frontier Economics' final report in its draft determination and, therefore, did not consider Country Energy's revised load profile.

IPART have commissioned Frontier Economics to undertake the same analysis using Country Energy's updated load profile forecasts. This note sets out the results of that analysis.

LRMC results

The LRMC analysis of the updated load profile data was undertaken using the same methodology and assumptions as per Frontier Economics' final report to IPART. Results of the updated LRMC analysis are presented in Table 1 below along with the results using the original load profile. The updated load profile produces lower LRMC figures by \$0.6 in 2007/08, \$0.5 in 2008/09 and \$0.3 in 2009/10. The green LRMC costs do not differ as a result of the change in load profile.

Forecast set	Year	LRMC (excluding green) (\$/MWh)
CE-original	2007/08	\$43.0
	2008/09	\$43.0
	2009/10	\$42.9
CE-update	2007/08	\$42.4
	2008/09	\$42.5
	2009/10	\$42.6

Table 1: LRMC results (8.6% WACC, real 2006/07 dollars)

Market based cost results

The market based cost analysis results are presented in Table 2 using the Frontier Economics estimates of future prices consistent with Frontier Economics' final report to IPART. The expected energy purchase cost (excluding green) and the risk associated with the conservative point of the efficient purchasing frontier is given. The updated load profile produces lower expected costs and risks. The expected costs are lower by \$0.3 to \$0.4 depending on the year, and the risks (expressed as the standard deviation of costs) are lower by \$0.2 in each year.

Forecast set	Year	Expected cost (\$/MWh)	Risk (stdev. \$/MWh)
CE-original	2007/08	\$49.1	\$2.8
	2008/09	\$48.0	\$2.7
	2009/10	\$44.0	\$2.3
CE-update	2007/08	\$48.7	\$2.6
	2008/09	\$47.7	\$2.5
	2009/10	\$43.7	\$2.2

Table 2: Market-based costs, conservative point (real 2006/07 dollars)

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