

ATTACHMENT 4 – INSTRUCTIONS TO READER

This “Instructions to Reader” file explains the structure of files contained in Attachment 4 - Customer Response Model and Analysis. We use the files in this Attachment to estimate customer response to the change in tariff from the current tariff to our recommended tariff.

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*** Attachment 4A ***

Attachment 4A is our customer impact report as published by the AESO. We do not use this Attachment in our estimation procedure for customer response. However, we explain our estimation procedure in detail in this report.

*** Attachments 4B, 4C, and 4D ***

Attachments 4B, 4C, and 4D provide supporting analysis that is used in our modelling procedure to estimate customer response.

More specifically, Attachment 4B includes analysis of the costs of self-supply technology options as well as calculation of tariffs under the current and recommended approaches.

Attachments 4C and 4D are structured the same as Attachment 4B, but recalculate our recommended tariff to account for the initial customer response to the change in tariff, thereby allowing us to examine feedback effects on the incentives to respond to the change in tariff as described in our report.

*** Attachments 4E, 4F, and 4G ***

Attachments 4E, 4F, and 4G detail our optimization model to estimate customer response, and the results from running the model.

Attachment 4E details our estimation of the direct response by customers to the change in tariff.

Attachment 4F details our estimation of customer response following the direct response by customers in Attachment 4E.

Attachment 4G details our estimation of customer response following the secondary response by customers in Attachment 4F.

Important note: Our model requires the use of a linear solver to operate with the same user interface and, depending on the choice of solver, minor edits to the virtual basic macros. The underlying model is built in Excel's default solver add-in, and a third-party linear solver that can read Excel's solver should be able to run the model with Excel's interface. We used the latest stable version of OpenSolver to run our model but other third-party solvers should work if your or your organization's IT standards require. Please see our full model qualifications, assumptions, and limiting conditions in this guide (above) or in the model.

*** Attachment 4H ***

Attachment 4H gathers outputs from 2018 results under the current tariff detailed in Attachment 4E and is used to input those model outputs to STATA for the estimation of regressions.

*** Attachment 4I ***

Attachment 4I is a dataset of additional site level characteristics that we use in the estimation of our regression in STATA.

*** Attachment 4J ***

Attachment 4J is a STATA command file named a "Do file" that runs our analysis and estimation of regressions in STATA and outputs the results to Attachment 4K.

*** Attachment 4K ***

Attachment 4K processes the results from the STATA model, as well as other inputs detailed in Attachments 4E, 4F, and 4G, and calculates our estimate of customer response to the change in tariff (from the current to our recommended tariff).
