Appendix D:
Signed letter of assurance over VAGO modelling

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Dear [redacted]

Victorian Auditor-General's Office report to the Parliament of Victoria: Managing the transition of energy supply to renewables

The Victorian Auditor-General's Office (VAGO) is undertaking a performance audit under the *Audit Act 1994* on the transition of energy supply to renewables in Victoria. The objective of its audit is to examine whether Victoria is on track to achieve its renewable energy objectives.

VAGO has asked HoustonKemp to review quantiative analysis that it has undertaken, which has supported the conclusions drawn in its report to the Parliament of Victoria. In particular, we have reviewed VAGO's analysis in relation to:

- its assessment of Victoria's progress towards meeting the Victorian Renewable Energy target (VRET) of 40 per cent in 2025; and
- the case study analysis of the balancing of supply and demand in dark and still conditions.

Our review was based on the following information provided by VAGO:

- numerous spreadsheets containing the inputs and analysis conducted by VAGO in relation to these two pieces of analysis;
- methodology documentation, explaining the approaches taken by VAGO for these two pieces of analysis;
- initial drafting by VAGO, describing how this analysis would be integrated into the report; and
- VAGO's provisional report to the Parliament of Victoria, as at 29 July 2025.

Our review comprised two distinct components, namely:

- a quantiative review phase, wherein we:
  - assessed VAGO's methodology and assumptions as to their reasonableness; and
  - replicated VAGO's analysis from first principles, using the same inputs and data as VAGO's analysis, to confirm that VAGO's analysis did not contain any errors; and
- a qualitative review phase in which we reviewed the treatment and description of this analysis in VAGO's report to the Parliament of Victoria.

We find that VAGO's analysis of the 2025 VRET outcomes using its defined scenarios align with DEECA's methodology for projecting future generation outcomes. After examining VAGO's methodology and verifying their calculations, we confirm that it supports VAGO's conclusion that Victoria is on track to meet the 40 per cent renewable energy target in 2025.

We have not assessed as part of our review whether there are other alternative scenarios, also with reasonable assumptions, which would result in outcomes where the VRET of 40 per cent is not achieved in 2025. We have also not assessed the sensitivity of this analysis to changes in the assumptions underpinning the scenarios put forward by VAGO.

We also find that the analysis conducted by VAGO for the case study of supply and demand balance in dark and still conditions is sufficient for the purpose of identifying the risk of demand exceeding supply, ie, a capacity gap, should similar conditions to those experienced in the past be experienced in the future. This case study, as with all case studies, is highly dependent on the assumptions made. We have not tested whether these assumptions reflect the most realistic future case. However, in our opinion the assumptions underpinning this analysis are reasonable for the purpose of an indicative case study. We have also not reviewed the sensitivity of this case study analysis to changes in the underlying assumptions.

In addition, we confirm that the results of these two pieces of analysis presented in the version of VAGO's report that has been provided to us do not contain calculation errors.

In our opinion, VAGO has presented the quantitative results for the 2025 VRET and the dark and still case study:

- on the basis of a reasonable methodology for the intended purpose of the analysis; and
- in a manner that does not contain calculation errors.

Yours sincerely,

Adrian Kemp
Partner