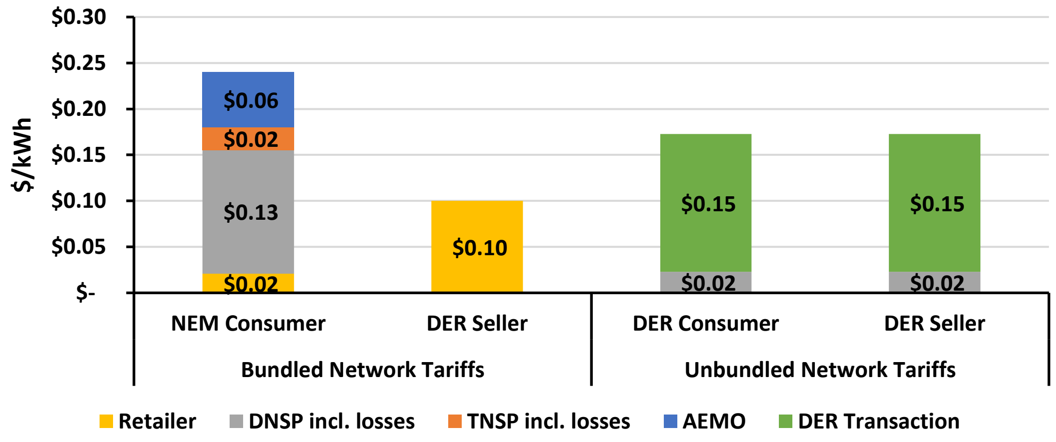
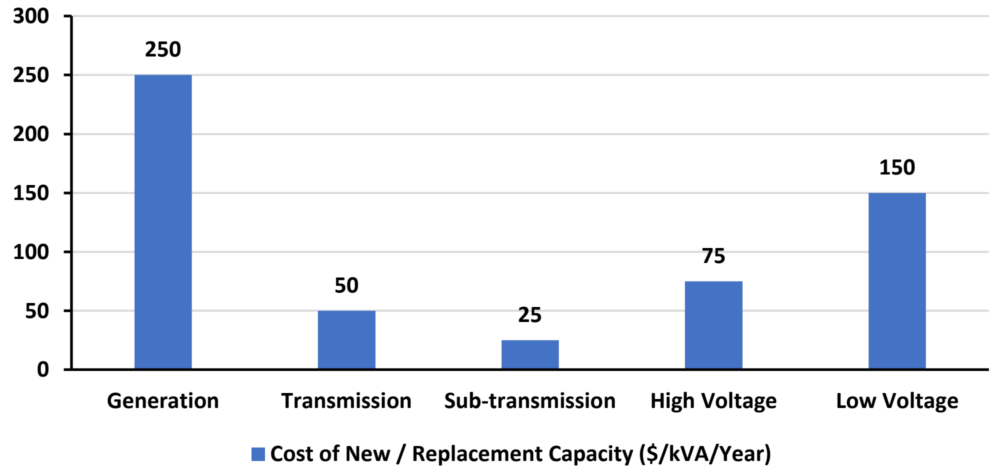
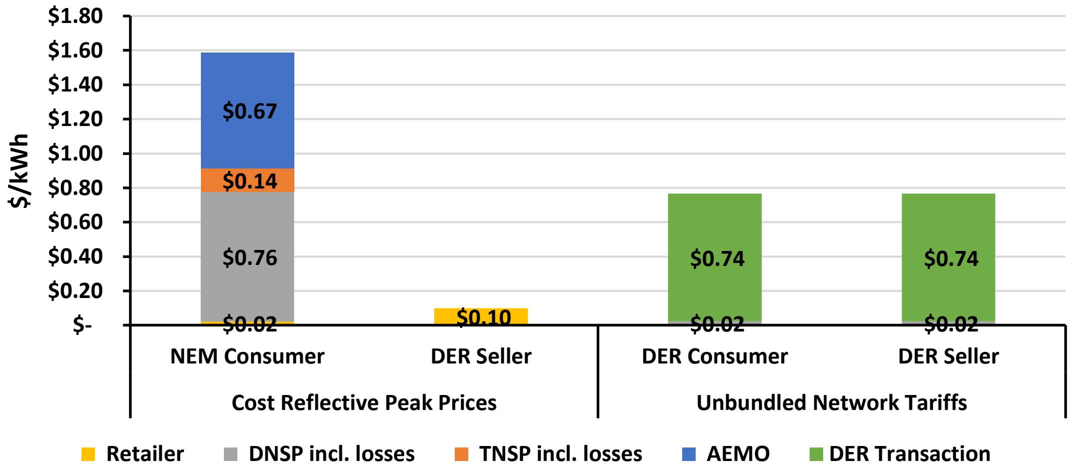


- DER economics and competitive advantage lie in economies of manufacturing scale and proximity
- Network tariffs presume centralized power flow, charge all network usage for it, creating a major market distortion
- Unbundling network tariffs will enable DER to compete with utility scale and other DER on level playing field
- Network tariff designs dominated by political rather than scientific considerations, creating a major market distortion
- Cost reflective peak network prices will level the playing field for peak power supply

Notes: $/kWh costs under bundled network tariffs assume an average retail price of 24 cents/kWh, and 10 cents per kWh for feed-in tariffs. DER transaction prices split the difference between the stacked peak period prices and the LV DNSP cost, sharing the economic value added between the DER seller and DER consumer.



Notes: New construction costs are indicative of typical ranges across urban, suburban and rural power systems in Australia. These costs are assumed to be incurred on average over the next 20 years and recovered over the highest 1% of hours in the peak prices to the right.



Notes: Cost reflective peak prices assume new or replacement costs for each cost component within the next 20 years (7% discount rate) on average spread over the highest 1% of hours. DER transaction prices split the difference between the stacked peak period prices and the LV DNSP cost, sharing the economic value added between the DER seller and DER consumer.