MINUTES

MEETING:	MLF round table Melbourne
DATE:	Thursday, 21 July 2016
TIME:	13:00 – 14:30 AEST
LOCATION:	AEMO Melbourne Office/Teleconference

ATTENDEES:

NAME	COMPANY / DEPARTMENT
Prajit Parameswar	Hydro Tasmania
Ben Hayward	Energy Australia
Ryan Jennings	Pacific Hydro
Jack Anderson	Engie
Andrew Godfrey	Engie
Gavin McMahon	Central Irrigation Trust (CIT)
Kong Min Yep	AGL Energy
Kevin Ly	Snowy Hydro
David Headberry	Major Energy Users
James Lindley	AEMO
Ramitha Wettimuny	AEMO
Ryan Burge	AEMO
Mark Stedwell	AEMO

Issues from the round table discussion noted below.

Each issue is categorised by the type of consultation required to make the change. The categories are:

- **Informal** – a number of issues have been raised that can be addressed without going through a National Electricity Rules (NER), or a National Electricity Law (NEL) defined consolation.
- **Methodology Change** – changes to the Methodology for Calculating Forward-Looking Transmission Loss Factors require AEMO to follow the consultation procedures as set out in clause 8.9 of the NER.
- **Rule/Framework Change** – changes to the NER must be done through the process described in Part 7 of the NEL.

Issue	Change Category	Discussion
Impact of MLFs, and volatility	Rule/Framework Change	• MLFs tend to result in revenue over recovery in the market, with positive intra-regional residue being returned to customers based on reduced TUOS charges. Since the basis of revenue is

		different, customers who pay higher marginal losses are disadvantaged. ○ Over recovery not being returned to customers is not fair • Customers located near Interconnectors are impacted since they are exposed to marginal losses due to Interconnector flows. ○ Can MLFs be distributed across a single region to share the pain? Are VTNs a potential solution for such customers near Interconnectors? • Is the MLF process fit for purpose under these circumstances? • Are NEM objectives being met with highly volatile MLFs? Are price signals correct due to this? • Should there be a cap/floor for MLFs to limit exposure for long term investment certainty? ○ Forecast these numbers over a number of years will provide security for current and potential participants
Case for change	Informal	• Some stakeholders broadly supported the current methodology and did not see a compelling reason to modify it • Most stakeholders were supportive of a single MLF for a connection point for an entire year (as opposed to dynamic loss factors) • Sensitivity studies or back casting should be carried out to understand what should be changed
Generation Data	Methodology Change – 5.4	• Current Methodology, generators can provide alternate forecast due to misrepresentation of historical data (physical reasons only) ○ Is there an opportunity for all generators to provide an honest generation forecast? ○ Should MT PASA energy limits be used in the process?

Generation Supply forecasting	Methodology Change – 5.5	• Why is energy-limited generation treated differently (i.e. dispatched last)? • Can AEMO use ESOO generation forecast for use in MLF calculation? ○ To check accuracy, check ESOO forecasts over a number of years against actual generation

Transparency of information	Informal	• Early consultation on MLF results would aid stakeholders in forward planning/risk management
		  ○ On the right track with prelim numbers at NEMW-CF
		  ○ Earlier than March would be ideal
		• AEMO should calculate back cast MLFs and present/explain differences
		  ○ Show evidence the process is working
		  ○ Highlight incorrect assumptions
		  ○ Calculate ‘actual’ MLFs as well as using actual data in model