

UFE REPORTING GUIDELINES

PROCEDURE CONSULTATION

SECOND STAGE PARTICIPANT RESPONSE TEMPLATE

Participant: *AGL*

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1. Context

This template is to assist stakeholders in giving feedback about the changes detailed in the draft procedures associated with the UFE Reporting Guidelines consultation.

The changes being proposed are because of NER rule changes (3.15.5B) which have occurred, requiring the creation and changes to AEMO's Retail Electricity Market Procedures and the following proposed changes by proponents and AEMO to implement recommended process improvements.

AEMO is required to produce Unaccounted for Energy (UFE) Trends Reports to provide information and analysis of UFE in each local area to facilitate the management and efficient decrease in UFE over time.

In accordance with NER 3.15.5B, at least once each year, AEMO must in accordance with the UFE reporting guidelines, prepare and publish on its website a report setting out:

- AEMO's summary and analysis of the total unaccounted for energy amounts in each local area over the reporting period
- AEMO's analysis of the unaccounted for energy amounts in each local area in the reporting period against benchmarks determined by AEMO acting reasonably;
- AEMO's analysis of the sources of unaccounted for energy in each local area;
- AEMO's recommendations to improve visibility of unaccounted for energy in each local area; and
- AEMO's recommended actions to reduce the amounts of unaccounted for energy in each local area

The creation of the UFE reporting guidelines is the subject of this consultation. AEMO considers that the content of the UFE reporting guidelines forms the basis of UFE Trends Reports, as required under the NER.

2. Feedback on Reporting Purpose and Scope

| Description | Participant Comments |
|---|--|
| <p>AEMO intends to publish UFE Trends Reports by 1 May each year. Stakeholders are requested to accept this proposal or provide details supporting a different date for the publication of the UFE Trends Report in the future.</p> | <p>AGL notes the ongoing provision of UFE data and fully supports the 1 May publication, which is critical for other processes, such as pricing processes, but also recommends publication of quarterly trends on UFE to assist forecasting, ongoing assessment and ongoing analysis of causes. This might be considered a developing document leading up to the annual document, which would allow AEMO and participants to start considering information and format prior to the annual report.</p> <p>AGL notes that the purpose of the UFE reporting is not in itself a goal, but rather a mechanism to support other processes (eg forecasting, trend consideration, pricing etc) and to provide a basis for the analysis and reduction of the causes of UFE.</p> |

3. Feedback on Reporting UFE Analysis

| Description | Participant Comments |
|--|--|
| <p>Illegal energy consumption has been identified as a source of UFE that should be ranked as top priority variable to be investigated. As there is no head of power placing an obligation on a specific party to manage the discovery of illegal energy consumption and AEMO has no visibility of illegal energy consumption, stakeholders are requested to provide details of a systematic way to discover illegal energy consumption.</p> | <p>AGL notes that while there may be no specific regulatory clauses which specify illegal consumption, the fact that the consumption is illegal, means that it is contrary to all the regulations which dictate how energy is sold and settled between the market. AGL therefore considers that AEMO and all participants have an obligation identify and manage illegal consumption.</p> <p>In saying this, however, AGL considers illegal consumption to be one of a number of causes, but not a top priority. There is UFE within predominantly interval metered areas (eg Victoria) and predominantly non-interval metered areas (elsewhere), showing that the causes are quite fundamental.</p> <p>For illegal consumption to be a main cause of UFE would indicate that there is significant and continual theft in every jurisdiction. Which does not seem likely.</p> <p>Recent analysis of UFE trends between final and revision settlements show a marked difference, which indicates that meter data profiling is one issue which is creating a 'noise' in UFE values. Until that noise is minimised or removed, it will be extremely difficult to identify other causes.</p> <p>As such, AGL considers that the top priority should be to remove the noise appearing in UFE so that the true causes can be more readily identified and acted on.</p> |

4. Other Issues Related to Consultation Subject Matter

| Description | Participant Comments |
|---|---|
| <p>TasNetworks has identified the ability to implement UFE actions by DNSPs may be hampered by regulatory change cycles and pricing determinations.</p> | <p>Noting this issue, AGL suggests that AEMO, in preparing the UFE information and reports, should include the market price x UFE volumes for the initial UFE allocations, to show the <i>Initial UFE Value</i>.</p> <p>AGL considers that this <i>Initial UFE Value</i> would provide a clear, visible and consistent value which would allow consideration of business cases to be developed to undertake analysis and mitigation actions.</p> <p>AGL considers that having a reference value which is consistently used in the assessment of actions to be taken in UFE mitigation and management is worthwhile in ensuring that various programs are considered on a consistent basis.</p> <p>AGL notes that while the volumes of UFE will change over revisions, there is still a cash flow impact on market participants as a result of the initial allocation, which makes this initial allocation of UFE highly relevant.</p> |