

August 2, 2024

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Submitted via [mlf\\_feedback@aemo.com.au](mailto:mlf_feedback@aemo.com.au)

**Re: Submission to the Methodology for the calculation of Forward-looking Transmission Loss Factors Issues Paper**

Dear Johnny:

Thank you for the opportunity to provide a submission on the above Issues Paper.

Tilt Renewables is committed to continue playing a lead role in accelerating Australia's transition to clean energy. Tilt Renewables is one of the largest owners and operators of wind and solar generation in Australia with 1.7 GW of renewable generation capacity across ten operating wind and solar farms as well as storage. In addition, Tilt Renewables has a development pipeline of over 5 GW of wind, solar and storage projects.

**General Comments**

Tilt Renewables considers that the current Forward Looking Transmission Loss Factor (FLLF) process is working reasonably well, and we appreciate the complexity and difficulty in making these annual determinations. We consider that one of the primary objectives should be avoiding significant departures from the current methodology that could result in increased volatility for Marginal Loss Factors (MLF) beyond what the market is currently experiencing today.

Tilt Renewables supports reforms that will improve the transparency of the process. The more transparent the FLLF process, the more market participants will be able to undertake their own internal forecasts increasing their understanding and confidence that future changes in MLFs can be better understood. Reducing MLF volatility and increasing transparency will enable investors to invest in new generation projects with greater confidence.

One additional initiative that could be undertaken to improve transparency and understating of the FLLF process would be for AEMO to consider publishing the actual generator MLFs calculated from historical data from the previous financial year for ready comparison to the forecast MLF established the year before. For example, in Q3 CY2024, the actual generator MLFs calculated from historical data for FY23-24 could be published and compared to the MLFs announced around May 2023 and implemented for FY23-24. Publishing such information would improve market participant's understanding of the accuracy, and challenges, of determining annual MLFs.



## **Responses to Specific Questions in the Issues Paper**

### **Do stakeholders consider there would be benefit in updating the treatment of new generators in the MLF calculation process? If so, why?**

Tilt Renewables considers that an updated process would be beneficial to ensure that the most current and accurate information with regards to new generation (and transmission) is incorporated into the FLLF. AEMO should develop a process to assess the current construction and commissioning process of medium and large generators to make sure the ramp rate of new generation is not overstated resulting in lower MLFs for nearby generators than is warranted.

### **Should the project status utilised in MLF calculations be expanded to include 'anticipated' projects?**

Tilt Renewables does not consider this to be necessary as it's difficult to see how an 'anticipated' project could be constructed and then become operational during the financial year starting 2 months after the MLFs are published. If AEMO were to undertake forecasting approximate MLFs 2-5 years in the future, which could be very helpful, then including 'anticipated' projects would be necessary.

### **Do stakeholders agree that AEMO should define clusters that it considers will most accurately predict market outcomes...?**

Tilt Renewables does not oppose defining clusters as long as the generators in the cluster are likely to experience similar levels of transmission losses. The Paper states that run of river hydro, wind and solar generation are currently in the same category, presumably because they are zero marginal cost. However, solar farms and wind farms (and hydro) have very different generation profiles and solar farms have the additional challenge of 'competing' with rooftop solar. Some wind farms have 'bathtub' shaped diurnal generation profiles that are the opposite of solar farms. Therefore, separating wind and solar farms is important to avoid wind farms being 'penalised' for having assumed similar generation patterns as solar farms which, in fact, does not occur. Wind farms and solar farms in a region can easily experience quite different levels of curtailment and transmission losses.

### **What are stakeholders' views on the merits of the options presented to handle storage in MLF calculations, including when they ought to be implemented? Are there other options AEMO should consider?**

Tilt Renewables agrees with the Issues Paper that Battery Energy Storage Systems (BESS) present some unique challenges with regards to the FLLF process. Of the three options presented, Tilt Renewables considers that work on a bespoke battery scheduling algorithm is





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worth the time and effort to develop. Tilt Renewables would be pleased to consult with AEMO while they develop such an algorithm.

Tilt Renewables welcomes the opportunity to make this submission on the Issues Paper. Please do not hesitate to contact the undersigned in this regard.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Jon Upson', is positioned above the typed name.

Jonathan Upson  
Head of Policy & Regulatory Affairs  
**Tilt Renewables**

