



25 September 2020

Audrey Zibelman
Chief Executive Officer and Managing Director
Australian Energy Market Operator (AEMO)

Submitted via email: mlf_feedback@aemo.com.au

Dear Ms Zibelman,

AEMO – FORWARD-LOOKING TRANSMISSION LOSS FACTORS

Origin Energy Limited (Origin) welcomes the opportunity to provide feedback on AEMO's review of the forward-looking transmission loss factors methodology.

Generally, we support changes that provide additional transparency and improve accuracy of the marginal loss factors (MLF) methodology. However, AEMO should only consider changes that enhance accuracy without compromising on timeliness and the consultation process used to finalise MLFs.

The table below provides specific comments on the proposed changes.

Issue	Origin's comments
Reference data	We support the use of more recent data for the reference year if AEMO considers it improves accuracy and can be incorporated in a timely manner.
Controllable network element flow data	We support AEMO exploring the inclusion of Basslink in the supply and demand balancing process by modelling the interconnector as a dispatchable element, allowing it to operate in a similar manner to a thermal generator.
Generator capacities	We agree that it is inappropriate to use summer peaking temperatures in the methodology as this would unnecessarily restrict generation capacity. We support the use of typical summer capacities instead, as these temperatures are more realistic. AEMO could also explore using a weighted mean average of all summer temperatures, to the extent that this differs from its typical summer capacities and improves accuracy.
New generation profiles	We support AEMO's proposed approach to producing new generation profiles. It is important that AEMO seeks feedback on its profiles from the relevant proponent where it produces them internally.
Minimum stable operation levels of thermal plant	We support AEMO's proposal to use a process where supply and demand balancing outcomes are reviewed, and adjustments made as needed, to ensure minimum stable operation levels are met.
Minimal extrapolation theory	We consider that AEMO should retain the minimal extrapolation theory but expand on generation categories used in the reference year to ensure a more accurate reflection of real-life outcomes. Using more complex systems such as short-run marginal cost in the balancing process may be problematic given the rapidly changing generation mix.

Issue	Origin's comments
Parallel AC/DC interconnectors	We support the method that AEMO has identified and trialled, i.e. a line-of-best-fit based on historical observations for allocating flows on parallel AC/DC interconnectors.
Intra-regional constraints	We support the addition of a new section in the methodology to cover the process for managing intra-regional constraints. These types of constraints are binding more often under system normal conditions and greater transparency on how they are implemented is welcome.
Transparency of MLFs	<p>We support the ongoing publication of the two additional reports (scenario sensitivity study and the preliminary report). The extra publications give stakeholders more opportunities to provide feedback on the forecasts and are useful for planning purposes.</p> <p>We suggest that the scenario sensitivity study should include information on the volatility of MLFs.</p>
Intra-year revisions	Given the rapid changes in generation mix and volume of new projects, intra-year revisions are likely to be required more. As a result, we support transparency of any process AEMO intends to use to revise MLFs.
Energy generation forecast study	We support expanding the energy generation forecast study to include both wind and solar generation.
Treatment of problematic historical data	We consider that it would be beneficial for the methodology to set out a specific process to be used to account for problematic data. We recognise, however, that it may be difficult to implement a specific methodology. In any case, it is important that AEMO is transparent in how it has treated such data in the modelling.

We look forward to continuing to work with AEMO on future potential changes, as flagged in the issues paper.

Should you have any questions or wish to discuss this submission further, please contact Sarah-Jane Derby at Sarah-Jane.Derby@originenergy.com.au or by phone, on (02) 8345 5101.

Yours sincerely



Steve Reid
Group Manager, Regulatory Policy