

# MINUTES

MEETING: MLF workshop  
 DATE: Wednesday, 3 August 2016  
 TIME: 13:00 – 16:00 AEST  
 LOCATION: AEMO Melbourne, Sydney, Brisbane and Adelaide Office/Teleconference

## ATTENDEES:

NAME	COMPANY / DEPARTMENT
Prajit Parameswar	Hydro Tasmania
Nick Jatan	Hydro Tasmania
Ben Hayward	Energy Australia
Ron Logan	ERM
Jack Anderson	Engie
Andrew Godfrey	Engie
Gavin McMahon	Central Irrigation Trust (CIT)
Kong Min Yep	AGL Energy
Killian Wentrup	FRV
Frank Xing	Delta
David Headberry	Major Energy Users
James Lindley	AEMO
Ramitha Wettimuny	AEMO
Ryan Burge	AEMO
Shantha Ranatunga	AEMO
John Bartlett	AEMO

Issues from the round table were discussed in detail at the workshop.

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 consultation.
- **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
Backcasting of FLLF	Methodology	<ul style="list-style-type: none"> <li>• AEMO has backcast 2014-15 MLFs, however, further quality checks and approvals are required before detailed results can be shared</li> <li>• AEMO will perform 2015-16 backcast to see accuracy of current Methodology</li> <li>• Stakeholders would like to see % difference between forecast and actual energy (margin of error)</li> <li>• Stakeholders believe that AEMO is heading in the right direction by backcasting MLFs to identify issues               <ul style="list-style-type: none"> <li>○ Should there be a clause in the Methodology requiring AEMO to backcast MLFs?</li> <li>○ Are AEMO reluctant to publish backcast results?</li> </ul> </li> <li>• How confident are AEMO with the accuracy of the current model?               <ul style="list-style-type: none"> <li>○ Can AEMO look at actual MLFs (based on real power system losses) to validate model?</li> </ul> </li> </ul>
Input data to FLLF calculation	Methodology	<ul style="list-style-type: none"> <li>• Can AEMO use more recent data as input to FLLF calculation?               <ul style="list-style-type: none"> <li>○ E.g. currently uses 2014-15 data for 2016-17 calculation – is there potential to use calendar year?</li> </ul> </li> <li>• AEMO currently uses the NEFR 50PoE Medium Demand scenario to forecast demand for FLLF. Should AEMO also use 10PoE and 90PoE forecasts and use the statistical average MLF?               <ul style="list-style-type: none"> <li>○ The forecast must be representative of the target year</li> <li>○ Can AEMO use alternative methods in backcast calculations to identify accuracy?</li> </ul> </li> </ul>
Generation forecast – energy limit	Methodology	<ul style="list-style-type: none"> <li>• AEMO proposed an alternative method for forecasting generation – use minimal extrapolation but limit annual energy based on historical 3 year average</li> </ul>

		<ul style="list-style-type: none"> <li>• Results showed significant difference between 3 year average and forecast – wind excepted</li> <li>• Stakeholders identified 3 year average for wind farms would be a more accurate representation rather than one year</li> <li>• Hydro generation is more volatile and a 3 year average may be too short</li> <li>• Are fast start gas turbines considered energy limited? How will they be forecast in this method? <ul style="list-style-type: none"> <li>○ These generations will be dispatched to compensate for generators capped by their energy limit</li> </ul> </li> <li>• Can Generators advise of fuel shortages in this method? <ul style="list-style-type: none"> <li>○ No, but could potentially come under clause 5.5.6 of the current Methodology</li> </ul> </li> <li>• Can the model incorporate future network outages (potentially from NOS) in the calculation? <ul style="list-style-type: none"> <li>○ Currently, network model assumes system normal conditions. It is assumed variations due to network outages evens out</li> </ul> </li> </ul>
Generation forecast – Market Model	Methodology	<ul style="list-style-type: none"> <li>• AEMO proposed using a Market Model (SRMC) based calculation to forecast generation using historical bidding <ul style="list-style-type: none"> <li>○ Stakeholders expressed concerns – Methodology shouldn't change if there is no benefit to using alternative methods compared to current Methodology</li> </ul> </li> </ul>
Generation forecast – using NEMDE	Methodology	<ul style="list-style-type: none"> <li>• AEMO proposed using pre-dispatch NEMDE model (offline) to forecast generation <ul style="list-style-type: none"> <li>○ This would automatically apply constraints</li> </ul> </li> <li>• As NEMDE already incorporates MLFs during dispatch, will this cause a problem in calculating FLLF? <ul style="list-style-type: none"> <li>○ Yes, offers are affected by MLFs, and is not possible to remove this impact. However, the impact would not be great</li> </ul> </li> </ul>
MLF volatility	Rules/ Framework	<ul style="list-style-type: none"> <li>• Stakeholders expressed concerns with volatility of MLFs – particularly near interconnectors</li> <li>• Can a Virtual Transmission Node (VTN) be defined to 'spread' impact of volatile MLFs</li> </ul>

		<p>across a region? AEMO should be proactive and raise issue with AER/Network Service Providers</p> <ul style="list-style-type: none"> <li>○ AEMO may provide some assistance in this matter, but it is not up to AEMO to progress it.</li> </ul> <ul style="list-style-type: none"> <li>● What causes volatility in MLFs near interconnectors? <ul style="list-style-type: none"> <li>○ If interconnector transfer changes from importing to export, nearby connection points will change from being generation dominant to load dominant</li> <li>○ AEMO will explain this more in issues paper</li> <li>○ It was noted that Red Cliffs and Berri were adversely affected in the same year – however, Red Cliffs is also impacted by transfer to NSW</li> </ul> </li> </ul>
Publish MLFs earlier	Informal	<ul style="list-style-type: none"> <li>● Can AEMO publish Draft MLFs earlier? <ul style="list-style-type: none"> <li>○ Will assist stakeholders in their forward planning</li> <li>○ Publishing MLFs earlier would compromise any attempt to use more recent historical data. Some stakeholders would prefer to use more recent data rather than publish earlier</li> </ul> </li> </ul>
New software/tool for calculating MLFs	Methodology	<ul style="list-style-type: none"> <li>● Is the current software (TPRICE) suitable for current/future network conditions? Are AEMO looking at alternative software? <ul style="list-style-type: none"> <li>○ AEMO are looking at this in parallel with the consultation</li> </ul> </li> </ul>
Delay some proposal brought up in the MLF Consultation		<ul style="list-style-type: none"> <li>● AEMO proposed the idea of delaying the current MLF Consultation in order to do further due diligence on proposed alternative methods for forecasting generation <ul style="list-style-type: none"> <li>○ AEMO would run backcast studies with alternative methods (SRMC, NEMDE, multi scenario methods) to determine suitability</li> <li>○ Being consulting on adding energy caps based on historical averages to minimal extrapolation method</li> <li>○ This means the 2017/18 calculation may include adding generation energy caps</li> </ul> </li> </ul>

		<p>depending on the outcome of the consultation.</p> <ul style="list-style-type: none"><li>• Stakeholders:<ul style="list-style-type: none"><li>○ Were supportive to provide more accurate analysis of proposed methods</li><li>○ Would still like AEMO to look at using more recent input data for 2017/18</li><li>○ Would still like AEMO to look at other issues</li></ul></li></ul>
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