

9 November 2016

Ryan Burge
Australian Energy Market Operator (AEMO)
GPO Box 2008

Via email mlf.process@aemo.com.au

Dear Ryan,

First Stage Forward Looking Loss Factor Calculation Methodology Consultation 2016

Hydro Tasmania appreciates the opportunity to comment on the First Stage of the Forward Looking Loss Factor Calculation Methodology Consultation¹.

Hydro Tasmania supports the current Forward Looking Loss Factor methodology (Methodology) as finalised and published in 2014². In particular, Hydro Tasmania appreciated the changes to section 5.5.6³ allowing generators to propose alternative generation profiles, if historical generation profiles are not an accurate predictor of future generation profiles.

Hydro Tasmania believes the current Methodology is fit for purpose, evident by the back casting results completed by AEMO for Tasmania for financial year 2015-2016. It should be noted that the back casting results for previous years (ie 2013-2014 and 2014-2015) did not include modification to the methodology completed in 2014. Hydro Tasmania is supportive of progressive modifications to the Methodology (eg improving transparency of the process and publishing back casting results).

Hydro Tasmania strongly believes that any substantial changes to the current Methodology or the Rules should only be considered if a material problem is evident and currently this is not the case. Hydro Tasmania believes, the existing Methodology is fit for purpose, provides sufficient flexibility and is robust and completely adequate in its current state.

Should you require any follow-up on this matter, please contact Prajit Parameswar on (03) 6230 5612 or at Prajit.parameswar@hydro.com.au.

Yours sincerely



David Bowker
Regulatory Manager

¹ <http://aemo.com.au/Stakeholder-Consultation/Consultations/Forward-Looking-Loss-Factor-Calculation-Methodology-Consultation-2016>

² AEMO's methodology as published on 18 September 2014 available -

https://www.aemo.com.au/media/Files/Other/consultations/nem/Review%20of%20the%20Methodology%202014/AEMO_Methodology_V5_clean_Sep_22_14.pdf

³ Page 11 of AEMO's methodology published on 18 September 2014.