

13 January 2020

Mr John Pierce
Chair
Australian Energy Market Commission
PO BOX A2449
Sydney South NSW 1235

Via online submission

Dear Mr Pierce,

RE: ERC0251 – TRANSMISSION LOSS FACTORS DRAFT DETERMINATION

TasNetworks welcomes the opportunity to make a submission to the Australian Energy Market Commission's (**AEMC**) Draft Determination on the Transmission Loss Factors (**TLF**) rule change request.

TasNetworks is the Transmission Network Service Provider (**TNSP**), Distribution Network Service Provider (**DNSP**) and Jurisdictional Planner (**JP**) in Tasmania. TasNetworks is also the proponent assessing the business case for Marinus Link, a new National Electricity Market (**NEM**) interconnector between Tasmania and Victoria. The focus in all of these roles is to deliver safe and reliable electricity network services to Tasmanian and NEM customers at the lowest sustainable prices. TasNetworks is therefore appreciative of the AEMC's efforts to review the TLF methodology and supporting arrangements in the NEM.

TasNetworks supports Energy Networks Australia's (**ENA**) submission and would like to make several further comments from a Tasmanian perspective.

Adani Rule Change

TasNetworks strongly supports the AEMC's decision not to make a draft rule in the manner proposed by Adani Renewables (**Adani**). As highlighted in the draft determination, Adani's proposal to reallocate intra-regional settlement residues to generators and use average loss factors in loss factor calculations would have a number of significant and deleterious impacts. These include:

- increasing transmission charges to customers,
- undercutting the existing, economically efficient market arrangements based on a marginal pricing philosophy;
- diluting locational investment signals;
- altering market dispatch outcomes;
- decreasing NEM operational efficiency; and

- moving the market farther away from the long term direction use of Dynamic Loss Factors (**DLFs**) which TasNetworks has supported as part of the Coordination of Generation and Transmission Investment (**CoGaTI**) review.

These impacts would only result in a less efficient market and one that was not consistent with the National Electricity Objective (**NEO**). For these reasons, TasNetworks considers the Adani rule change cannot and should not be supported.

Proposed Preferable Rule Changes

TasNetworks supports the preferable rule changes proposed by the Australian Energy Market Operator (**AEMO**). TasNetworks considers that allowing greater flexibility to stakeholders and AEMO to determine alternative loss factor calculation methodologies will promote considered, impartial and transparent evolution of the loss factors regime. In turn, this will help improve locational signals, proponent investment decisions and, ultimately, efficient market outcomes for customers.

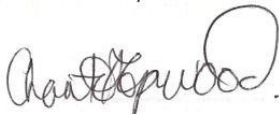
Administrative Changes

TasNetworks agrees that the proposed changes to terms in clauses 3.6.2(b), (g), (h) and Chapter 10 of the National Electricity Rules (**NER**) will provide further clarity to the loss factor framework.

TasNetworks therefore supports these amendments.

TasNetworks would welcome the opportunity to discuss this submission further with you. Should you have any questions, please contact Bradley Woods, Regulatory and Policy Specialist, via phone (03 6271 6187) or email (bradley.woods@tasnetworks.com.au).

Yours sincerely,



Chantal Hopwood
Leader Regulation