



EnergyAustralia

LIGHT THE WAY

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AER Default Market Offer Net System Load Profile - Consultation paper

EnergyAustralia is one of Australia's largest energy companies with around 2.4 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory. EnergyAustralia owns, contracts, and operates a diversified energy generation portfolio that includes coal, gas, battery storage, demand response, solar, and wind assets. Combined, these assets comprise more than 5,000MW of generation capacity.

EnergyAustralia appreciates the opportunity to make this submission to the AER's Consultation Paper on the Net System Load Profile (NSLP) approach for the 2024-25 Default Market Offer (DMO6). While this paper was not foreseen, we recognise the AER wanting to be transparent ahead of the Draft DMO6 determination and that the short consultation time allows the AER to consider feedback before making the draft.

The AER invites submissions on options to produce the load profiles based on NSLP data that best represents reasonable costs.¹ Overall, we consider the critical issue is the DMO6 approach to blending in interval meter data with the load profile based on NSLP data. The accuracy concerns of a flattened profile from Option 1 (using the NSLP data as published by AEMO) might be partially mitigated with the blending of interval meter data that captures intraday variations tending to higher and sharper peaks. The load profile based on NSLP data is one piece of the equation, but the definitive shape of the load profile, and ultimately its suitability will depend on how this is blended with interval meter data, which is the other vital piece. Without understanding the second piece of the equation it is challenging to review options and its appropriateness. Therefore, our submission focusses on the specific question of which of the 3 options offers the most suitable framework for the DMO6, supporting the need for clarity on the interval meter data blending methodology.

¹ AER, *Default Market Offer Net System Load Profile approach – Consultation Paper*, p 5 & p13.

Out of the 3 options, option 2 (undertaking a manual adjustment to the NSLP data) emerges as the most suitable path forward for the DMO6 Draft. We agree with the AER in ruling out option 3 for the development of the DMO6 Draft. Option 3 (using the NSLP data from DMO4 and DMO 5) is not appropriate given it would not allow for a blended profile dataset, which is broadly supported by stakeholders for the reasons discussed in previous determinations.

Option 1 raises concerns due to the flaws introduced by AEMO's adjustment, which flattened the relative load profile shape when considered for DMO purposes. We do not consider it appropriate in setting the DMO6 to use a dataset that is known to produce errors when this can be adjusted for. The value of a transparent but flawed dataset is questionable.

In contrast, option 2 seeks to correct the impact of AEMO's adjustment based on observed changes in loads between the 3 months prior and post adjustment. In selecting this timeframe we recognise the AER is primarily interested in isolating the effects of AEMO's adjustment. The transformation formula appears to rely on changes in standard deviation in each pre-uplift and post-uplift period to capture the essence of the adjustment's impact. This may not be accurate if AEMO's adjustment shifted peak times or changed demand patterns beyond spread changes. The accuracy of option 2 will depend on whether the 3-month timeframe can ameliorate the impact of AEMO's adjustment effectively. Consequences of inaccuracy runs the risk of a distorted estimation of the "true" NSLP. Ideally it would be worth exploring the impact of using a longer timeframe to assess the sensitivity of results to this choice. Complexity and limitations on data availability may be barriers in undertaking this for the Draft determination. Notwithstanding the potential limitations, option 2 appears the most sensible for the DMO6 draft.

We support the AER's continued work in blending the interval metered data with the NSLP dataset and reserve further comments on the load profile following the DMO6 draft determination when this will be addressed.

If you have any questions in relation to this submission, please contact me (maria.ducusin@energyaustralia.com.au or 03 9060 0934).

Yours sincerely,
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