



**Clean Energy
Investor Group**

CEIG Urges Reassessment of Marginal Loss Factor Calculation Methodology as Solar Farms Face Revenue Risks

Tuesday 2 April, Melbourne

The Clean Energy Investor Group (CEIG) has today called for an urgent review of the Marginal Loss Factor (MLF) methodology, after final calculations released today continue to raise significant concerns about revenue stability and predictability for clean energy projects.

The Australian Energy Market Operator (AEMO) has released its final calculations for 2024-25, confirming that MLFs could decrease by up to 5% compared to last year for certain generators.

Whilst the impact of these fluctuations is smaller than anticipated earlier this year, it is particularly pronounced for key generators such as Broken Hill Solar Farm, Limondale Solar Farm, Karadoc Solar Farm, Bannerton Solar Farm and Kiamal Solar Farm.

The volatility of MLFs continues to pose a challenge, introducing undue risk for investors and undermining the growth of renewable energy projects. Such unpredictable factors create uncertainty and hinder the investment confidence that is needed to decarbonise the grid.

CEIG Members have overwhelmingly expressed support for a public consultation process aimed at exploring potential amendments to the MLF methodology to enhance the predictability and reduce the volatility of MLFs. CEIG strongly encourages AEMO to commence such a process promptly following the release of the final 2024-25 MLF figures and looks forward to working with the market operator on this important issue.

Marilyne Crestias, Policy Director of CEIG said:

"The unpredictability of Marginal Loss Factors makes them challenging to forecast. Given their calculation method, MLFs can change significantly each year, directly impacting generator revenue and increasing investor risk."

"As we move towards a renewables-focused grid, we foresee significant shifts in both electricity generation and consumption. The current methodology for calculating Marginal Loss Factors is likely to continue causing volatile fluctuations, underscoring the need for reform in this area."

"The ongoing issue with Marginal Loss Factors requires tailored solutions for the renewables grid. This problem isn't new and demands effective strategies to reduce risks and improve revenue predictability."

"We call on AEMO to conduct a review of the Marginal Loss Factor methodology and welcome the opportunity to collaborate closely with the market operator during the review process. Our goal is to address the challenges associated with MLFs and ensure a more stable and predictable environment for renewable energy investment."

ENDS

For media inquiries, please contact:

Media Contact

Anna Mincham

amincham@banksiasp.com.au

+61 407 206 965

About the Clean Energy Investor Group

The Clean Energy Investor Group presents domestic and global investors with a combined Australian portfolio value of over A\$38 billion and more than 76 clean energy assets under management. It is an investor body, representing the unique perspective of clean energy investors to regulators, policy makers and the broader energy sector.

<https://www.ceig.org.au/>