

Unaccounted for Energy (UFE)

Since the introduction in May 2022 by AEMO, a separate line item is now displayed on all SmartestEnergy invoices labelled 'Unaccounted For Energy' in the retail charges section. All energy retailers are charged for the loss-adjusted metered energy that is consumed by their customers within their local distribution area. Previously this charge was only carried by the default retailer for this area. This is part of the change to a wider 'Global Settlements' process for energy consumption.

UFE captures the difference between the amount of energy being drawn into a distribution zone and how much is registered by the end point meters, after distribution and marginal loss factors are applied.



What is Unaccounted for Energy (UFE)?

In the electricity transmission and distribution system, there is electricity that is 'lost' in the system. Theoretically this is accounted for through Marginal and Loss Factors (MLF) and Distribution Loss Factors (DLF). These technical loss factors calculate the energy lost as the electricity is distributed over a distance.

UFE can be considered the difference between the theoretically calculated losses (managed through loss factors), and the actual physical losses. This can include from sources such as:

- Unmetered connections
- Theft
- Metering malfunctions
- Estimation errors relating to accumulation metering.
- Generation assets that are not accounted for (resulting in a net change)

This UFE must be 'settled' (allocated and paid for), by market participants with this final calculated amount distributed to all retailers operating at the TNI based on a pro-rated usage. At settlement, each retailer is billed on the sum of their customers' energy consumption and their proportional share of UFE.

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How is UFE calculated for SmartestEnergy invoices?

SmartestEnergy invoices have line item under the Retail Energy section called Unaccounted for Energy. This itemises the UFE as it applies to that specific site. This item may be a charge or a credit dependant on losses or unregulated generation in the specific local distribution area.

The UFE quantity (kWh) is calculated by applying the applicable Weekly Average UFE Factors provided by AEMO to weekly consumption by TOU Period. This quantity can be positive or negative. The UFE rate is calculated as a load weighted average by applying the contracted rate to the UFE quantity (kWh) for each TOU Period. This will vary as it will differ month to month for each TNI, and we cannot provide customers with a clear indication of the impact on their invoices, as we do not know the impact until we receive the settlements data from AEMO. In some cases, it will be a credit if the Unaccounted for Energy (generation) is greater than the Unaccounted for Energy (consumption).



Variable
Monthly
charge

Passed
through
from
AEMO

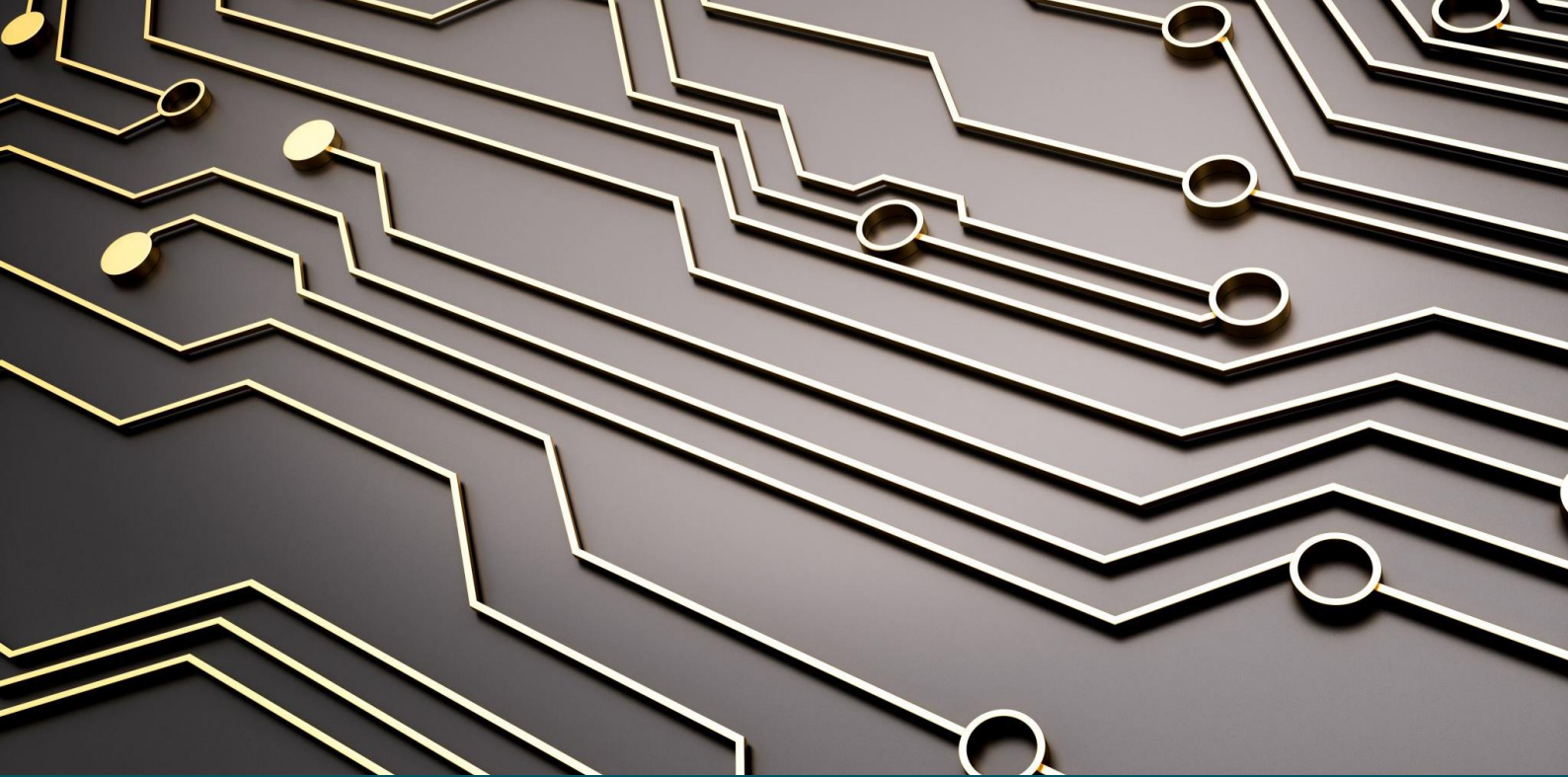
Charges or
Credits are
possible

In the situation where advice from regulatory authorities changes then SmartestEnergy may be required to change the underlying calculation or application of UFE. In this situation we will provide notice to affected customers of the changes and how that will impact them.

What impact does UFE have on SmartestEnergy invoices?

How the UFE is applied is different depending on the invoice item:

- **Market and Environmental certificate** charges include the UFE volume in the calculation. Market and Certificate charges will not have a separate line item and will display the adjusted quantities being the sum of peak / shoulder / off peak / UFE volumes. This inclusion was made following advice from several administering organisations that they expect UFE to be included when annual surrenders were made for these certificates.
- **Network** charges are passed through from the charges provided by the applicable network to that site. These charges to SmartestEnergy do not currently include UFE, and so SmartestEnergy does not include UFE in the customer charges.
- Following advice from **GreenPower** the expectation for surrendered GreenPower certificates is that they do not include UFE in the calculation. In line with this advice SmartestEnergy's **Renewable Energy** product volumes will remain the sum of Peak / Shoulder / Off-Peak usage and will not include UFE quantities for voluntary LGC surrender.
- Other charges such as **supply** charges or **metering** charges are not affected by UFE.



Where can I find more information?

SmartestEnergy has a knowledge hub on our website with useful articles and information about changes in the energy market. Please reach out to your Account Manager if you have any further questions.

AEMO is the source for more information on the Global Settlements scheme, with full information of the scheme launch available [here](#), and a useful [UFE Fact Sheet](#).

AEMC also provides information on the rules and determinations behind the introduction of Global Settlements and UFE, such as this [Fact Sheet](#).

