



14 April 2021

AEMO Energy Forecasting

Submitted via email: energy.forecasting@aemo.com.au

Dear Energy Forecasting team,

Re: FORECASTING APPROACH - ELECTRICITY DEMAND FORECASTING METHODOLOGY DRAFT DECISION

CitiPower, Powercor and United Energy welcome the opportunity to respond to the Australian Energy Market Operator's (AEMO) draft decision on the electricity demand forecasting methodology.

In our letter we focus on two key topics from the draft decision.

Purpose and application of AEMO's forecasts

We strongly support, and are pleased to see, the decision to create a 'purpose and application' section that describes the limitations of the forecast for purposes outside its core application, in both the demand forecasting methodology and the transmission connection point forecasts. This is particularly important regarding the inappropriateness of applying the transmission connection point forecast to lower level network demand by evenly assigning it across zone substations without sufficient information to support this.

The clarification of the purpose and application of AEMO's forecasts will lead to a better industry understanding of the appropriate uses of the methodology, more targeted regulatory and policy decision making, and ultimately better outcomes for all consumers when data is used appropriately and to its purpose.

Use of multiple sources will reduce uncertainty in forecasts

As mentioned in our original submission, we are concerned with the significant year-on-year changes in forecasts of new technologies (i.e. rooftop solar, electric vehicles, batteries) and/or energy efficiency. This sort of volatility in forecasts makes it difficult to refer to and validate AEMO's forecasts on a consistent basis.

We understand the volatilities come from uncertainty in unpredictable technology developments and policy direction. To reduce the uncertainty in its forecasts, we encourage AEMO to source and average multiple forecasts rather than relying on one forecast alone. This is particularly important if a single forecast delivers a highly volatile year on year outcome that should not go untested.

Additionally, we encourage AEMO to put stronger emphasis on maintaining consistency in forecasts when considering further changes to the methodology. This will ensure undue changes are minimised and AEMO's forecasts can be used consistently year on year.

Should you have any queries about this letter please do not hesitate to contact Sonja Lekovic on (03) 9683 4784 or slekovic@powercor.com.au.

Yours sincerely,

Brent Cleeve

Head of Regulation, CitiPower, Powercor and United Energy