

DRAFT 2024 FORECASTING ASSUMPTIONS UPDATE

8 FEBRUARY 2024

INTRODUCTION

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing, building materials and food processing industries. Combined our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

Thank you for the opportunity to make a submission on AEMO's Draft 2024 Forecasting Assumptions Update (Draft Update).

The EUAA understands that the forecasting assumptions presented in the Draft Update are used in AEMO's planning forecasting, i.e. the Electricity Statement of Opportunities (ESOO) and Integrated System Plan (ISP) and builds on the latest ISP related Inputs, Assumptions and Scenarios Report (IASR) published in 2023. Therefore, while the update assumptions that come out of the Draft Update are unlikely to be used in the 2024 ISP, they will be used in the 2024 ESOO.

We are pleased to see feedback provided by us through our attendance of the Forecasting Reference Group (FRG) making its way into the Draft Update and although we will continue to attend the FRG (including the sessions on the Draft Update scheduled for March and May 2024), we have decided to make a submission on the Draft Update on some concerns we would like AEMO to consider.

These concerns on the Draft Update are:

- In agreement with other feedback provided to AEMO, the lack of any data to describe the distribution networks, which will host most of the distributed PV including rooftop solar and non-scheduled PV (PVNSG – i.e. solar between 100kW and 30MW). It is the available capacities and constraints of the distribution networks (electrical, thermal and otherwise) that will place an upper limit on future maximum distributed PV installations. While excess solar is proposed to be managed through orchestration via Virtual Power Plants (VPP) and dynamic operating envelopes (DOE) and in Victoria AEMO directions, these interventions will potentially reduce the economic viability of systems placing downward pressure on increasing investment in distributed PV without investment in the distribution networks.
- The Draft Update changes the future uptake of PV to be fewer, larger kW systems (meaning similar kW output) to the IASR in light of reducing subsidies (i.e. Small-Scale Certificates). However, the Draft Update does not appear to have a natural upper limit on the growth of solar based on the individual solar panel output and average household roof area of "useful" solar irradiance (i.e. not south facing or heavily shaded), or, in other words, a natural maximum size of rooftop solar due the size of roofs and the number of suitable rooftops (which is not 100% of residences) in addition to the DNSP capacity described above.

- The Draft Update uses “vehicle sales”, likely sourced from the Federal Chamber of Automotive Industries VFACTS publication. The figures published in VFACTS often come with disclaimers and are known in the industry to be “rubbery”. The Electric Vehicle Council of Australia recognises this and obtains EV and PHEV registration data from state and territory governments to provide a more reliable number for EV and PHEV uptake. We recommend that AEMO explore using this dataset rather than sales figures.
- Figure 16 of the Draft Update plots likely EV charging profiles for different charging regimes of EV owners being “Unscheduled”, “ToU Grid Solar”, “Public” and “Off-Peak and Solar”. We agree with the likely charging profiles for 3 of the regimes, however the “Off-Peak and Solar” curve has off-peak charging occurring between 6pm and 2am, when, as identified in the text, off-peak tariffs usually start after 11pm, which is when we would expect this type of sophisticated EV owner would commence charging.

The EUAA recognises that further changes to the Draft Update will be required when the current proposed National Electric Vehicle Strategy and Fuel Efficiency standard passes parliament and the full impact can be better modelled.

We look forward to further conversations on forecasting assumptions through the FRG.

Do not hesitate to be in contact should you have any questions.



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