DRAFT MINUTES – Forecasting Reference Group (FRG)

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| MEETING: | #13 |
| DATE: | Tuesday 11 December 2018 |
| Contact: | [Energy.Forecasting@aemo.com.au](mailto:Energy.Forecasting@aemo.com.au) |

**ATTENDEES:**

| **NAME** | **ORGANISATION** | **LOCATION** |
| --- | --- | --- |
| Marino Bolzon | Department for Energy and Mining | Adelaide |
| Andrew Turley | AEMO | Brisbane |
| Debborah Marsh | AEMO | Brisbane |
| Elijah Walker | AEMO | Brisbane |
| Magnus Hindsberger | AEMO | Brisbane |
| Siobhan Attwood | AEMO | Brisbane |
| Azadeh Keshavarzmohammadian | AEMO | Melbourne |
| Greg Staib | AEMO | Melbourne |
| Keith Ruddell | AEMO | Melbourne |
| Myra Horomidis | AEMO | Melbourne |
| Neale Scott (Chair) | AEMO | Melbourne |
| Nicola Falcon | AEMO | Melbourne |
| Phil Travill | AEMO | Melbourne |
| Ruchira Ray | AEMO | Melbourne |
| Vivian Mai | AEMO | Melbourne |
| William Baskerville | AEMO | Melbourne |
| Nick Cimdins | Ausnet Services | Melbourne |
| Duncan Mckinnon | Australian Energy Council | Melbourne |
| Florie Fong | Energy Australia | Melbourne |
| Lynne Gallagher | Energy Consumer Australia | Melbourne |
| Vedran Kovac | Hydro Tasmania | Melbourne |
| Elsie Zhao | Multinet Gas | Melbourne |
| Alex Fattal | Origin | Sydney |
| John Sligar | Sligar and Associates | Sydney |
| Damian Dwyer | APPEA | Teleconference |
| Lachlan O’Neil | CSIRO | Teleconference |
| Jake Jacobs | Energy Skills Queensland | Teleconference |
| David Hoch | Engie | Teleconference |
| Ron Logan | ERM Power | Teleconference |
| Brent Hudson | Essential Energy | Teleconference |
| Shovon Pal | Infigen Energy | Teleconference |
| David Headberry | Major Energy Users | Teleconference |
| Liam Ryan | NSW Department of Planning and Environment | Teleconference |
| David Xu | Origin Energy | Teleconference |
| Jennifer Brownie | Queensland Electricity Users Network | Teleconference |
| Matthew Sherwell | Santos | Teleconference |
| Joe Hemingway | Stanwell | Teleconference |
| Arindam Sen | Transgrid | Teleconference |

# Welcome and Introductions

Neale Scott (AEMO) welcomed attendees to the December 2018 Forecasting Reference Group (FRG) meeting.

# Previous minutes and action items

The meeting minutes from the 24 October 2018 FRG were accepted by attendees and finalised. All previous action items were closed with special reference given to the GHD report (Action 12.4.1) which is now available on the [FRG webpage](https://www.aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/Other-meetings/Forecasting-Reference-Group).

# Forward Plan for FRG

Nicola Falcon (AEMO) advised FRG participants that the draft timeline for the following four months had been included in the December 2018 [meeting pack](https://www.aemo.com.au/Stakeholder-Consultation/Industry-forums-and-working-groups/Other-meetings/Forecasting-Reference-Group). AEMO will aim to send out a timeline every quarter to allow stakeholders greater time to register and prepare for forums that they deem as relevant. Stakeholders are encouraged to forward agenda items to interested colleagues within their organisation and to provide feedback to AEMO on the agenda items and proposed dates. Suggestions or queries regarding the forward plan are to be sent to [Energy.forecasting@aemo.com.au](mailto:Energy.forecasting@aemo.com.au) (Action 13.3.1)

# Residential Gas Consumption Modelling

Greg Staib (AEMO) presented on the *Residential Gas Consumption Modelling* slides (included in the December 2018 meeting pack). The presentation provided insights into Victorian basic metered usage and implications to long-range forecasting.

Key points raised by stakeholders during this presentation included:

* Liam Ryan (NSW Department of Planning and Environment) queried whether the estimated impact of energy efficiency used from the *Strategy.Policy.Research* (SPR) forecast were in terms of full or discounted values. Greg Staib (AEMO) and Debborah Marsh (AEMO) answered that while discounted values are applied to electricity values, gas values are taken ‘as is’.
* Elsie Zhao (Multinet Gas) raised a question how large buildings with multiple meters are treated in this study. Greg Staib (AEMO) responded that this work is an attempt to identify the impact of population density and geography on gas consumption. The study itself utilises actual tariff V meter data and analyses them at an aggregate level. Greg Staib (AEMO) went on to note that obtaining further information on these types of premises would assist in segmenting customers for modelling purposes but the granularity on that data is not yet available.
* Nick Cimdins (Ausnet) noted that the approximate 10GJ reduction per connection over the given timeline appeared consistent with his organisation’s observations.
* Jennifer Brownie (Queensland Electricity Users Network) suggested that in Queensland, Ergon Retail’s Tariff 33, a controlled-load residential tariff, had been made available to irrigators. As a consequence, the average consumption of this previously residential tariff will be affected by the usage from business customers. Greg Staib (AEMO) thanked Jennifer Brownie for providing this insight and requested further information to assist in enhancing future analysis and forecasts.
* Nick Cimdins (Ausnet) expressed that his primary interest was in the fuel switching analysis. Nick Cimdins (Ausnet) stated he was keen to see further analysis such as examining trends in newly registered NMIs and MIRNs. Greg Staib (AEMO) agreed this would be an area of interest and advised that as the database gets updated, AEMO would want to continue the work and carry out further analysis and also monitor changes in consumption.

# Draft GSOO 2019 Gas Demand Forecasts

Ruchira Ray (AEMO) presented on the *Draft Gas Statement of Opportunities (GSOO) 2019 Gas Demand Forecasts* (included in the December 2018 meeting pack). The presentation provided the key changes and updates to GSOO 2019 as well as the draft consumption forecasts. Phil Travill (AEMO) and Greg Staib (AEMO) also contributed during the presentation to provide information on gas-powered generation (GPG) modelling and updates to energy efficiency and fuel switching modelling used in GSOO 2019.

Key discussion points during the presentation included:

* David Headberry (Major Energy Users) questioned to what extent gas prices affect AEMO’s forecasts on end-users’ movement given significant increases observed in the market. Ruchira Ray (AEMO) explained that AEMO sent out surveys and interviewed multiple large industrials which covered a range of questions about gas prices. These survey questions included how gas price is considered in short-term risk management versus long-term decision making, when is their next investment decision period, what are their revenue drivers and what proportion of their total costs is derived from gas. Nicola Falcon (AEMO) responded to David’s comment that the industrial survey process helps to validate the price forecasts which AEMO receives from consultants. The trajectory of price increases and its impact on industrials are factored in the modelling of GSOO 2019.
* Jennifer Brownie (Queensland Electricity Users Network) queried what are the prices used for Gas Powered Generation (GPG) modelling. Nicola Falcon (AEMO) replied that the prices used for GPG modelling are updated gas prices which AEMO receives from CORE.
* Nick Cimdins (Ausnet) expressed interest in seeing how the values in calendar year 2018 forecast is tracked against the actual data. Ruchira Ray (AEMO) advised that when the data becomes available, such comparison can be done and will be communicated to Nick in correspondence, and others on request. This information will also be provided publically in the GSOO 2019 report (Action 13.5.1)
* Marino Bolzon (Department of Energy and Mining) questioned what the key differences between the GSOO 2019 and the GSOO 2018 GPG forecasts were attributed to. Andrew Turley (AEMO) responded that the change is due to multiple factors including updated demand forecasts, re-assessment of availability of thermal resources, adjusted contributions of hydro generation assets and some development delay in committed renewable resources.

# Energy Consumer Sentiment Survey

Lynne Gallagher (Energy Consumers Association) presented on *Uncertainty – the hazards of forecasting.* The presentation provided insights on energy consumers and highlighted the challenges of energy forecasting given the changing and diverse trends and behaviours of end-users. The Energy Consumers Association has been conducting a long-term project, *Energy Consumer Sentiment Survey* which is designed to track changes in energy consumer sentiment over time and detects new emerging trends to inform energy market.

Discussion from this presentation included:

* Nick Cimdins (Ausnet) expressed the same view with the presentation that is consumers should not be expected to behave economically rational. He further stated that unlike the common belief in the market which is “consumers want control”, they may want convenience instead. Lynne Gallagher also acknowledged the importance of convenience and noted that energy consumers are segmented. As a result of such diversity, convenience may not mean the same thing to different consumers.
* David Headberry (Major Energy Users) suggested that AEMO, AEMC and AER have a focus on the electricity and gas industry whilst lacking an understanding from the end-user’s perspective. David Headberry (Major Energy Users) further noted that this matter requires more attention from energy market participants and regulators.

# Forecasting Performance Monitoring Insights

This topic was unfortunately cut short due to an error in the video-link. It covered information now available in AEMO’s just published [2018 Forecast Accuracy Report](https://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Planning-and-forecasting/Forecasting-Accuracy-Reporting)[[1]](#footnote-2). This report contains significantly more information than previous versions and AEMO is keen to get stakeholder feedback on the effectiveness of this reporting. (Action 13.7.1)

# Other Business

Andrew Turley (AEMO) stated that in early January 2019, AEMO will release its proposed scenarios, inputs, assumptions book and reports from consultants employed for 2019 forecasts and planning publications.

FRG participants are invited to attend 30 January 2019 FRG to discuss; initial consultation submissions, points of clarification and provide feedback.

Due to multiple technical issues in the December forum, AEMO will investigate solutions to allow consistent clear audio in future FRG sessions, particularly affecting the Melbourne facility (Action 13.8.1).

# Meeting Close

The next FRG meeting is scheduled for Wednesday 30 January 2019.

**Forecasting Reference Group (FRG) Actions Items**

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| **Item** | **Date Raised** | **Topic** | **Action required** | **Responsible** | **By** | **Status** |
| **12.4.1** | 24/10/2018 | 2019 Input Assumptions | AEMO to circulate the GHD report for participant’s feedback | Dane Winch | 27 November 2018 | **Closed** |
| **13.3.1** | 11/12/2018 | Forward Plan for FRG | FRG participants to provide suggestions or queries regarding the forward plan | FRG participants | 30 January 2019 | **Open** |
| **13.5.1** | 11/12/2018 | Historical gas consumption | AEMO to provide comparison between forecast and actual values for 2018 gas consumption to Ausnet and others on request. This information will also be available in the GSOO 2019 report. | Ruchira Ray | 30 January 2019 | **Open** |
| **13.7.1** | 11/12/2018 | Forecasting Performance Monitoring Insights | FRG participants to provide feedback on the effectiveness of the report | FRG participants | 30 January 2019 | **Open** |
| **13.8.1** | 11/12/2018 | Technical Issues | AEMO to investigate solutions to poor video conferencing audio. | AEMO | 30 January 2019 | **Open** |

1. AEMO 2018 Forecasting Accuracy Report can be found at https://www.aemo.com.au/-/media/Files/Electricity/NEM/Planning\_and\_Forecasting/Accuracy-Report/Forecast-Accuracy-report-2018.pdf [↑](#footnote-ref-2)