Energy Forecasting Team
Australian Energy Market Operator
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Cc: philip_harrington@strategypolicyresearch.com.au

12 May 2020

Re: Energy efficiency forecasts

Dear Energy Forecasting Team

We thank the Australian Energy Market Operator (AEMO) for the opportunity to comment on demand forecasting for the National Electricity Market (NEM).

The Energy Efficiency Council (EEC) does not have detailed comments on the analysis by Strategy Policy Research, but we welcome the detailed thought that has been put into this work. However, the EEC would like to highlight three key issues:

- Effectively projecting demand will be critical to support planning in the NEM. As we saw in the period 2008-2013, there are significant costs if we fail to properly account for changes in energy productivity. The EEC therefore urges AEMO to increase its investment and focus on modelling changes in energy management;
- As the NEM becomes dominated by intermittent renewable generation, understanding the temporal profiles of various forms of generation and energy management is critical. For example, improved energy efficiency for air conditioners and increased use of demand response will have a disproportionately big impact on the need for investment in generation, storage and networks;
- While the EEC endorses the approach of producing some conservative scenarios of energy productivity improvement, we believe that the 'ambitious' scenarios should be far more ambitious. The ambitious scenarios should include:
    - Increased rates of retrofits of existing residential buildings to 2040, based on governments potentially introducing a package of measures that include energy efficiency disclosure at the point of sale and minimum energy efficiency standards for rental homes; and
    - Improved energy management by large energy users, as states like NSW and Victoria are introducing programs similar to the Energy Efficiency Opportunities program to support large energy users to better manage their energy use.

If you would like to discuss these matters further please contact me on 0414 065 556 or via rob.murray-leach@eec.org.au.

Yours sincerely

Rob Murray-Leach
Head of Policy, Energy Efficiency Council