

Dear AEMO

Thank you for the opportunity to provide some feedback on AEMO's Consultation Paper on 'Key Forecasting inputs in 2020' released in December 2019.

We appreciate AEMO conducting this consultation with a view to be inclusive, with early engagement, and in the spirit of the Australian Energy Regulator's Best Practice Forecasting principles.

Our comments and points of clarification are outlined below:

Demand (Side) Management Issues

- It is DELWP's current understanding that AEMO's DER uptake forecast for Victoria does not include the Solar Homes program (solar or battery). However, Solar Homes' impacts may be included in AEMO's draft 2020 GSOO forecasts. DELWP would appreciate some clarification of how this program has been included.
- Demand Side Portal (DSP) Improvement Issues – what actions do AEMO consider are its priorities to remedy and to assist stakeholders (DELWP is mindful that some AEMO initiatives are set to get underway in the first half of 2020). More complete explanations and narratives would be appreciated.
- GenCost 2018 considered issues associated with estimating demand management, with a view to further explore in later publications, but it is not clear that this is reflected in the GenCost 2019/20 documentation. Has, (or will there be), further thinking on this? It would be beneficial to better understand AEMO's assumptions and methods for forecasting DSP potential, e.g. comparisons with overseas forecasts. Recent DELWP experience with large energy users suggests there could be untapped potential that may not be captured in the forecasts.

Draft 2019/2020 Integrated System Plan – need to clarify DER assumptions are consistent across AEMO's forecasting channels

- DELWP understands that AEMO has two specific Distributed Energy Resources (DER) working groups (with the SA-based group working closely with the ISP team). Can this be confirmed, and how well this arrangement is functioning?
- We also note that AEMO/DELWP have regular monthly meetings and this issue can be further debated and discussed at these meetings.

Energy Efficiency

- DELWP is generally supportive of AEMO's attempts to improve its forecasting approaches to energy efficiency and would welcome working with you on these endeavours. Stakeholders and jurisdictions may require a better understanding and contextual explanations of the main developments in this area.

An opportunity where this might occur is in relation to the Residential Space Conditioning Maximum Demand (RSCMD) pilot model detailed in Chapter 4 & Appendices A & B of the Strategy Policy Research (SPR) report - *Energy Efficiency Forecasts 2019-2041*. It is our view that this model outlines a valid methodology to assess how the residential sector contributes to peak demand in heatwave conditions. As noted in the SPR report further development of the model should be undertaken to improve its accuracy (e.g. use of real weather files and

their comparison to AEMO demand data, review & expansion of dwelling types). The SPR report also noted that the RSCMD model did not explore the impact of demand response or thermostat set points on peak demand from residential air conditioning. Moving forward we recommend that the RSCMD model be developed to account for these parameters to further refine the model's accuracy. Furthermore, we request that all data inputs (e.g. population projections, dwelling numbers etc), assumptions (e.g. fuel switching rates) and modelling parameters be provided in suitable workbooks to enable DELWP to efficiently review energy efficiency forecasts.

Electricity Statement of Opportunities 2019

- Amongst other things, DELWP supports the inclusion of more realistic generation Forced Outage Rates (ageing brown coal units) and other modelling assumptions utilised in AEMO's ESOO 2019 and draft GSOO 2020 report, increased mean time to repair, and tail risks (low probability, high impact events).

Other

- In general, forecasts need to be aligned with, and reconciled to, AEMO's GSOO 2020 taking into account the Victorian Energy Upgrades and other relevant programs/initiatives.
- Stakeholders and jurisdictions also need to understand AEMO's considerations of how NSW's targets outlined in its November 2019 Electricity Strategy may impact its forecasts.

Please feel free to contact me, if you have any queries.

Yours Sincerely

Senior Policy Officer, Wholesale Markets & Security | Energy Markets and Networks
Energy, Environment and Climate Change | Department of Environment, Land, Water and Planning

