Submissions captured from out-of-session interactions

New Submissions (attached below)	Date Raised	Topic	Raised by	Possible action	Responsibility	Status
13	14/5/2020	Feedback from Covid-19 meeting	Ron Logan	Distribute to FRG members	AEMO	**CLOSED**
14	14/5/2020	Feedback from Covid-19 meeting	Herath Samarakoon	Distribute to FRG members	AEMO	**CLOSED**

Submission 13 (NEW)

From: Ron Logan <RLogan@ermpower.com.au>
Sent: Wednesday, 13 May 2020 9:00 PM
To: Energy Forecasting <Energy.Forecasting@aemo.com.au>
Cc: Nicola Falcon <Nicola.Falcon@aemo.com.au>
Subject: RE: Covid-19 FRG meeting TODAY

Hi Nicola and Team

Just wanted to say thank you to AEMO for hosting the special COVID impacts meeting this afternoon.

Given the nature of the material to be discussed, it's a pity we weren't able to do it as a white board session.

I think it's important we learn from the events of the post GFC forecasting experience and not make the same mistakes again noting that from outside there appears a willingness for AEMO to be more focussed regarding the potential impacts of COVID-19.

From a stakeholders perspective, if the intent of today was to allow for feedback and engagement with AEMO on the presentation, I believe the meeting was around 1 hour too short with my perception of at times a somewhat rushed presentation and a lack of time for an effective level of questions and engagement by the stakeholders who participated. Whilst some feedback was shared, more time would have allowed more discussion and input between members.

The presentation was quite good but could have been improved with the addition of a little more background details and in some slides increased clarity.

We set our some comments with regards to the presentation slides as follows;

Slide 5

Whilst it was indicated during the presentation that the scale for the graphs in the left-hand section are actually average MWh per day, it's unclear if this covered all days or working weekdays only. It's less clear how the significant difference in temperature outcomes between the 3 years was accounted for. The table below sets out the differences in daily maximum temperature outcomes for the month of April over the period 2015 to 2020. This 2020 temperatures have a sizable difference which would have impacted household electricity use in particular in a COVID world.

		Qld	NSW	Vic	SA	Tas
Maximum	2015	29.4	31.7	29.0	30.4	25.2
	2016	30.8	34.2	29.0	30.1	25.8
	2017	29.0	28.7	28.1	30.8	25.5
	2018	32.0	35.4	29.9	35.9	24.6
	2019	29.4	32.5	30.3	33.3	28.7
	2020	33.6	29.2	23.5	28.6	22.1
Minimum	2015	21.3	17.1	14.7	16.2	13.4
	2016	25.6	20.2	15.6	19.9	15.4
	2017	22.6	17.9	14.5	15.8	12.6
	2018	24.7	20.3	16.1	19.4	13.5
	2019	24.3	20.6	15.8	17.9	12.7
	2020	25.3	19.6	15.3	15.7	13.0
Average	2015	26.5	22.8	19.2	20.5	16.8
	2016	28.8	24.7	22.4	24.8	20.4
	2017	26.2	23.8	20.8	23.3	19.2
	2018	27.8	26.1	21.8	25.3	18.8
	2019	26.9	24.8	22.0	24.0	19.6
	2020	28.7	24.4	19.3	21.1	17.3
STD Dev	2015	2.2	3.5	3.6	4.1	2.9
	2016	1.4	2.8	3.7	3.3	3.1
	2017	1.5	2.1	3.8	4.3	3.7
	2018	1.7	3.7	3.9	5.1	3.0
	2019	1.3	2.6	4.7	4.7	3.7
	2020	1.8	2.4	2.5	2.8	2.6

Slides 6 and 7

Whilst in general the slides consider that the COVID impacts may be somewhat temporary with fundamentals returning to close to previous forecast outcomes within a few years, we note that this aligns with similar views at the time of the 2009 GFC recession. We note that following the 2009 GFC, electricity consumption did not rebound to normal levels with consumption impacted across many sectors often due to factors impacting the individual

sectors independently. Following the GFC, many SME and smaller C&I loads simply closed and did not return. We also note the differences between the RBA and BIS economic forecast and believe there would be value in AEMO using both forecasts to provide independent energy consumption and demand forecasts based on each economic forecast.

Overall, we do question the presented view that observed outcomes will return to close to the previously circulated central forecast so quickly. We note that AEMO indicates that this is based on assumption that governments well inject significant stimulus into the economy to return to pre-COVID outcomes. We believe that it would be prudent to include this as a sensitivity but question this assumption's use as the "Central – baseline" scenario.

Slides 10 and 11

With regards to consumption in the residential sector, in addition to the points considered by AEMO in the presentation, we believe that consideration must be given to a medium to long term reduction in "real" household disposable income and the potential accumulation of "bill-debt" by consumers, which may include ongoing payment plans and the impact this may have on discretionary use of electricity going forward. Whilst in the short-term higher electricity bills may be covered to a degree by the use of household savings, calls on these savings for various uses will occur with available balances applied first to non-discretionary sectors. Also, whilst Australia may emerge from COVID lockdowns, COVID control outcomes in other countries may fail to adequately control the virus such that migration to Australia remains at minimal levels for an extended period with international arrivals to Australia restricted to essential travel status only. Even if a COVID Vaccination is eventually developed, noting that this remains somewhat unclear, delays to international migration may still occur pending observation of its effectiveness in controlling the spread and impact of the virus.

With regards to the SME and commercial sectors, in addition to the points considered by AEMO in the presentation, we believe that AEMO must also give due consideration to demand destruction similar to that which occurred following the GFC where businesses closed and did not return and a significant time period elapsed before activity in these sectors commenced the recovery process. These sectors may also be exposed to a reduction in household disposable income with regards to discretionary spending. International tourism and its associated support industries may continue to be impacted over the medium term.

With regards to the larger C&I customers, whilst AEMO have indicated that they continue to engage with and survey these customers we note that due to "duties" as set out in other laws regarding corporate information, in particular the duty of ongoing disclosure, a company's true intention regarding future operations may not be made available to AEMO until after any public announcements, therefore there may be a degree of error contained in these survey replies. We believe it would be prudent to consider the exit of some large industrial loads and support the comments of a number of the consumers representatives at the meeting which detailed "cash cost" concerns for a number of large industrial users. Our preference is that this be undertaken as a sensitivity case against both the "central" and "fast change" scenarios as opposed to an adjustment to the "slow change" scenario.

Slide 12

We note the significant difference in DER installation recovery between the two consultants' forecasts. We are concerned that the proposal to use the average of the two forecasts may result in a lack of range in potential outcomes that actually occur and in the first instance believe there may be value modelling both forecasts independently.

Slides 13 to 16

We agree that a wider range of forecasting challenges exists due to COVID -19

With regards to slide 14 we do have concerns that the revised “central” scenario does not indicate a significant difference in the short term to the pre-COVID values.

With regards to slide 15, we are concerned that the use of the term “Central- baseline” adds a degree of unwarranted certainty to the scenario in a world where so much uncertainty exists. Consideration should be given to use of the terms “Central – quick recovery” and “Central – slow recovery” to indicate the various “Central” scenarios compare COVID recovery timetables.

We agree that the “Central” scenario should be modelled with a reasonably large range of sensitivity outcomes. We recommend including a scenario where under the “Central- quick recovery” scenario, the commodity outlook is weaker and a large industrial load closure in July 2021 occurs.

With regards to slide 16, we recommend that Population Impacts be added as an additional key criteria.

Slide 17

With regards to the question of “How much post COVID transformation should be influenced by COVID” we believe there are learnings from the post 2009 GFC that can be applied. As well as the reduction in household savings, and a “real” reduction in household disposable income, individual household debt to equity ratios played a significant part in the willingness of households to apply income or increase debt for discretionary purchases. This may impact the future replacement of high capital cost items such as motor vehicles and potentially household battery installations to a later period than that as set out in the pre-COVID modelling.

The other impact that needs to be factored in is that similar to the 2009 GFC is the impact of the level of uncertainty in future outcomes for individuals has also increased and recovery of household saving levels to values above pre-COVID values may also be a feature of household decision making in the short to medium term.

Hopefully the feedback to AEMO is helpful for the forecasting process.

This email may be circulated within the wider FRG with a view to stimulating further feedback and discussion between both FRG members and AEMO.

Hopefully post-COVID we may be able to hold a longer discussion session on this issue at a central location.

Kind Regards

Ron Logan

Submission 14 (NEW)

From: Herath Samarakoon <Herath.Samarakoon@tasnetworks.com.au>
Sent: Thursday, 14 May 2020 10:40 AM
To: Energy Forecasting <Energy.Forecasting@aemo.com.au>
Subject: RE: Covid-19 FRG meeting TODAY

Hi All,

As per yesterday's meeting, I would like to forward my high-level thoughts regarding additional considerations for scenarios.

I felt that some businesses and individuals are realising some risk associated with depend on imports and outsourcing to external parties for both goods and services. Especially some services outsourcing to overseas may have additional risk, rely on some imports or may lead to start/reopen industries and for small customers may thinking on whether to rely on grid energy or alternative options. I think this can have short term and long-term impacts for our energy sector.

Hope this information would help. If you need any additional clarifications, please let me know.

Kind regards

Herath

Closed Submissions

Submission	Date Raised	Topic	Raised by	Possible action	Responsibility	Status
1	29/08/2019	Proposed Change to Seasonal Generator Capability Ratings	Ron Logan	AEMO to consider Ron's suggestion in developing method for derating generators over summer	AEMO	**CLOSED**
2	23/09/2019	Use of historical demand traces for wind and solar generators	Ron Logan	AEMO to report back, when ready, on research underway to use weather data directly to generate future traces, thereby removing anomalies attributed to market responses.	AEMO	**CLOSED**
4b	17/10/2019	MT PASA daily POE demands	Ron Logan	Concerns were raised around the accuracy of the MTPASA daily POE demands, despite these demands NOT actually being used by AEMO in any part of the MTPASA process. AEMO considers it more important to assess accuracy of the maximum demands from the demand traces that	AEMO	**CLOSED** Being addressed through the MTPASA rule change.

				ARE used in the MTPASA process.		
5	25/09/2019	Vic maximum demand outcome post 2009	Ron Logan	AEMO to clarify how counter-factual actual demand is calculated for the purpose of assessing forecast accuracy, including how actual USE, RERT, DSP and household disconnections are added back on to load in order to better train the forecasting models.	AEMO	**CLOSED** With respect to FRG
6	25/09/2019	Low FRG DSP Numbers vs ISP Presentation	Ben Skinner	AEMO to clarify reconciliation between DSP forecast and ISP numbers presented to the FRG	AEMO	**CLOSED**
7	20/1/2020	FRG Meeting 20 January 2019	Mark Grenning	• Update gas methodology report and provide an explanation about forecast accuracy methodology at the	AEMO	**CLOSED** Refer to gas methodology report and 2020 GSOO. Questions on LiL survey

				same time as GSOO is published • Share questions on LIL for both gas and electricity with FRG ahead of next survey		shared with FRG members in March FRG.
8	20/1/2020	Analysis of Change in GPG vs Forecast 2019	Ron Logan	• As above, AEMO will make as transparent as possible assumptions used to assess forecast accuracy • AEMO agrees that there is much uncertainty relating to future annual GPG consumption and the merits of discussing ranges of possible outcomes.	AEMO	**CLOSED** Refer to 2020 GSOO.
9	25/3/2020	Note data on building approvals vs commencements	Jennifer Brownie	AEMO and FRG to note	AEMO	**CLOSED**

10	25/3/2020	Mark MTD Consumption and Max Demand Outcomes	Ron Logan	AEMO to share data with FRG participants	AEMO	**CLOSED**
11	14/4/2020	Request for actual/forecast over Easter period, of interest due to COVID19	Ron Logan	Distribution of COVID19 updates	AEMO	**CLOSED**
12	15/4/2020	Draft ISP assumptions and expected publication date of AEMO/CSIRO Gencost report	Norman Jip	2020 ISP consultation process	AEMO	**CLOSED**