

## NOTICE OF FIRST STAGE OF CONSULTATION

National Electricity Rules

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### Forecasting Accuracy Report Methodology

Date of Notice: 29 April 2020

This notice informs *Intending* and *Registered Participants* and *interested parties* (**Consulted Persons**) that AEMO is conducting a consultation on its draft **Forecasting Accuracy Report Methodology**.

As per the AER Interim Reliability Forecasting Best Practice Guidelines<sup>1</sup>, AEMO is required to consult on the establishment of the methodology using a formal written consultation process, including two rounds of written submissions, a process outlined in Appendix A of AEMO's Interim Reliability Forecasting Guidelines<sup>2</sup>.

#### Matter under Consultation

The matter for consultation is the Forecasting Accuracy Reporting Methodology. The following consultation drafts are published with this notice:

- *Forecasting Accuracy Report Methodology*

The introduction of the Reliability Forecast<sup>3</sup> under the Retailer Reliability Obligation (RRO) rules in 2019 have increased the importance of forecast accuracy, and accordingly AEMO has increased the depth and breadth of its forecast accuracy reporting<sup>4</sup>. Similarly, AEMO formalised the reporting of the improvements to be made into a Forecast Improvement Plan that also includes a consultation step as outlined in AEMO's Interim Reliability Forecast Guidelines<sup>5</sup>.

AEMO has newly developed the *Forecasting Accuracy Report Methodology* and is seeking feedback on the following questions:

- Are the demand adjustments outlined in this report reasonable for estimating demand without load shedding and DSP?
- Is the FAR methodology outlined in this report reasonable, and does it focus on the areas that will deliver the greatest insights for forecast accuracy?
- If not, what alternative or additional metrics, visualisations or processes should be considered in the methodology?
- Is there anything else AEMO should consider when evaluating its choice of accuracy metrics?

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<sup>1</sup> See <https://www.aer.gov.au/retail-markets/retail-guidelines-reviews/retailer-reliability-obligation-interim-forecasting-best-practice-guideline>

<sup>2</sup> See <https://www.aemo.com.au/consultations/current-and-closed-consultations/interim-reliability-forecast-guidelines/>

<sup>3</sup> Since 2019, AEMO has been required to develop and publish a Reliability Forecast as part of its ESOO, in accordance with the Retailer Reliability Obligation. For more information, see: <https://www.aer.gov.au/retail-markets/retailer-reliability-obligation>.

<sup>4</sup> Previous years' forecast accuracy reports are available at: <https://www.aemo.com.au/energy-systems/electricity/national-electricity-market-nem/nem-forecasting-and-planning/forecasting-and-reliability/forecasting-accuracy-reporting>.

<sup>5</sup> See: <https://aemo.com.au/en/consultations/current-and-closed-consultations/interim-reliability-forecast-guidelines>.

## The Consultation Process

The consultation process is outlined below. Dates are indicative only and subject to change.

PROCESS STAGE	INDICATIVE DATE
Closing date for submissions in response to this Notice	3 June 2020
Publication of Draft Report and Determination	24 June 2020
Closing date for submissions in response to the Draft Report	8 July 2020
Publication of Final Report and Determination	5 August 2020

### Invitation to Make Submissions

AEMO invites written submissions on the matter under consultation, including any alternative or additional proposals you consider may better meet the objectives of this consultation and the national electricity objective in section 7 of the National Electricity Law.

Please identify any parts of your submission that you wish to remain confidential, and explain why. AEMO may still publish that information if it does not consider it to be confidential, but will consult with you before doing so.

Please note that material identified as confidential may be given less weight in the decision-making process than material that is published.

### Meetings

In your submission, you may request a meeting with AEMO to discuss the matter under consultation, stating why you consider a meeting is necessary or desirable.

If appropriate, meetings may be held jointly with other Consulted Persons. Subject to confidentiality restrictions, AEMO will generally make details of matters discussed at a meeting available to other Consulted Persons, and may publish them.

### Closing Date and Time

Submissions in response to this Notice of First Stage of Rules Consultation should be sent by email to [energy.forecasting@aemo.com.au](mailto:energy.forecasting@aemo.com.au), to reach AEMO by 5.00pm (Melbourne time) on 3 June 2020.

All submissions must be forwarded in electronic format (both pdf and Word). Please send any queries about this consultation to the same email address.

Submissions received after the closing date and time will not be valid, and AEMO is not obliged to consider them. Any late submissions should explain the reason for lateness and the detriment to you if AEMO does not consider your submission.

### Publication

All submissions will be published on AEMO's website, other than confidential content.