DRAFT MINUTES – Forecasting Reference Group (FRG)

MEETING: #6

DATE: WEDNESDAY 13TH May 2020

CONTACT: Energy.Forecasting@aemo.com.au

Attendee	Company	Site
Abe Abdallah	ESCSA	Teleconference
Adam Day	AER	Teleconference
Adrian Grantham	AEMO	Teleconference
Alberto Troccoli	WEMC	Teleconference
Alex Uziallo	Hydro Tasmania	Teleconference
Alexandra Sidorenko	Ausgrid	Teleconference
Ali Habibi Hkalaj	AEMO	Teleconference
Andrew Cronin	CS Energy	Teleconference
Andrew Manson	SA Gov	Teleconference
Andrew Turley	AEMO	Teleconference
Anna Livsey	PIAC	Teleconference
Arindam Sen	TransGrid	Teleconference
Audelle Hong	Alinta Energy	Teleconference
Bella Pennington	AEMO	Teleconference
Ben Eddington	Origin Energy	Teleconference
Ben Skinner	AEC	Teleconference
Bill Nixey	NSW DPIE	Teleconference
Brad Harrison	ElectraNet	Teleconference
Brent Hudson	Essential Energy	Teleconference
Bret Harper	RepuTex Energy	Teleconference
Cameron Potter	Hydro Tasmania	Teleconference
Candice Hincksman	Energy Queensland	Teleconference
Cathy Johnson		Teleconference
Chandrajit Biswas	AGL	Teleconference
Craig Tupper	Ausgrid	Teleconference
Daniel Andersen	Powerlink	Teleconference
Daniel Collins	AEMO	Teleconference
David Headberry	Major Energy Users	Teleconference
David Hoch	Engie	Teleconference
David Weinholz	AEMO	Teleconference

Davin Havyatt	Energy Consumers Australia	Teleconference
Dean Soste	AEMO	Teleconference
Debborah Marsh	AEMO	Teleconference
Ed White	Ausgrid	Teleconference
Elijah Walker	AEMO	Teleconference
Elisia Reed	SA Power Networks	Teleconference
Enrique Montiel	Powerlink	Teleconference
Florie Fong	Energy Australia	Teleconference
Gang Cao	TransGrid	Teleconference
Greg Staib	AEMO	Teleconference
Helen Wang	AEMO	Teleconference
Henry Gorniak	CS Energy	Teleconference
Herath Samarakoon	TasNetworks	Teleconference
Jacqui Bridge	AusNet Services	Teleconference
Jasmine Zheng	Delliote	Teleconference
Jed Buffier		Teleconference
Jill Cainey	Energy Netwerks Australia	Teleconference
Joachim Tan	AEMO	Teleconference
Joe Hemingway	Stanwell	Teleconference
Joel Sligar	Sligar & Associates	Teleconference
Jonathan Carfi	AGL	Teleconference
Justin Gardner	Ergon	Teleconference
Katie Filippello	DISER	Teleconference
Kyle Lin	Energy Australia	Teleconference
Lachlan O'Neil	CSIRO	Teleconference
Levi Rosenbaum	AEMO	Teleconference
Magnus Hinsdberger	AEMO	Teleconference
Marc Thiebaut	Ausgrid	Teleconference
Marc Thiebaut	Ausgrid	Teleconference
Marino Bolzon	SA Gov	Teleconference
Mark Grenning	EUAA	Teleconference
Matt Marston	AEMO	Teleconference
Matthew Derham		Teleconference
Michelle Nguyen	Alinta Energy	Teleconference
Mitchel Bishop	CS Energy	Teleconference
Nick Cimdins	AusNet Services	Teleconference
Nicola Falcon	AEMO	Teleconference
Norman Jip	DELWP	Teleconference
Patrick Gan	Energy Australia	Teleconference
Paul Grzinic	Aurora Energy	Teleconference
Peter Young	AGL	Teleconference
Phil Pollard	QEUN	Teleconference
Prateek Beri	TasNetworks	Teleconference
Richard Hickling	GHD	Teleconference
Ricky Chen	Ausgrid	Teleconference

Roberta Maher	AEMO	Teleconference
Ron Logan	ERM Power	Teleconference
Saad Sayeef	CSIRO	Teleconference
Sam Wunnacharoensri	CovaU Energy	Teleconference
Sarah-Jane Derby	Origin	Teleconference
Shane Brunker	Energy Queensland	Teleconference
Sharon Young	South East Water	Teleconference
Sujeewa Vithana	United Energy	Teleconference
Terrence Hogan	DISER	Teleconference
Thakshila Gunaratna	Clean Energy Council	Teleconference
Vivian Mai	AEMO	Teleconference

1. Welcome and Introductions

Daniel Collins (AEMO) welcomed everyone to this "out of cycle" May COVID-19 FRG meeting. Daniel Collins announced AEMO's desire to better connect with stakeholders through restructuring FRG meetings to accommodate increased discussion and offering other avenues for stakeholder engagement. The submissions since the last FRG meeting were shared. Daniel Collins reminded FRG members that the Forecast Accuracy Report Methodology consultation closes on June 3rd 2020.

2. Presentation 1: Estimating the impacts of COVID-19 on electricity consumption

Andrew Turley (AEMO) presented preliminary forecasts for the 2020 ESOO scenarios, with early estimates of COVID-19 consumption impacts, to solicit feedback from FRG members.

Key topics raised by stakeholders for AEMO to consider included:

- FRG members suggested that AEMO ensure that weather adjustments are considered before concluding observed COVID-19 impacts due to the relatively cooler April this year in some regions.
- Ben Skinner (AEC) asked how close GDP is in the updated central scenario to the original pre-Covid-19 scenario. Andrew Turley (AEMO) replied that this scenario assumes a secondary wave of fiscal support which is assumed to bring GDP back to pre Covid-19 levels over time, although there is a small lingering impact.
- In response to a question about uncertain commodity prices, Nicola Falcon (AEMO) pointed out that the impact of lower commodity prices in the economic forecasts are not precise due to the great deal of uncertainty surrounding impacts of COVID-19. The purpose of this FRG meeting is to gauge the impact of these uncertainties on electricity consumption forecasts.
- Cameron Potter (Hydro Tasmania) and Candice Hincksman (Energy Queensland) suggested that a scenario exists where Australia and New Zealand's economies recover more quickly than the rest of the world. This could increase local industrial and manufacturing electricity consumption, and potentially increase maximum demand. Conversely, as Nicola Falcon (AEMO) noted, the recovery may drive lower minimum demands, especially if there is high DER uptake, greater renewable generation uptake and renewable based manufacturing as explored by the Clean Energy Council (CEC) in their 'A Clean Recovery' plan.
- David Havyatt (Energy Consumers Australia) urged AEMO to widen the degree of uncertainty in considering a worst case scenario. Low aluminium prices may

cause smelter closures, lowering demand levels. Governments supplementing DER uptake at the same time will further reduce minimum demand. David Havyatt asked AEMO to set up forecasts for the longer term, understanding the possible structural changes, including lower demand impacts which may come about due to a hydrogen economy. Nicola Falcon (AEMO) mentioned that while the 2020 ISP will have limited coverage of hydrogen, from the 2021 GSOO onwards, hydrogen will be accounted for. A possible scenario may evolve where the Slow Change demand outlook develop, while the Step Change pace of change in the generation mix occurs, especially if low demand and associated low electricity prices drives earlie thermal retirements..

- Cameron Potter (Hydro Tasmania) added that reliability issues may result from the rate of recovery. An unlikely scenario may include an initial deep recession causing retirements in the generation fleet and a lack of investment to replace those retirements. Subsequently, the grid may struggle to cope with a rapid upturn in demand.
- Bill Nixey (NSW DPIE) suggested a scenario where waves of the virus continue, fluctuating the economy (and electricity consumption) between economic and social restrictions and recovery.
- Mark Grenning (EUAA) urged AEMO to consider that large industrial load (LIL) survey results may not reflect the true risks to their businesses, as legal restrictions would restrict the degree of transparency they can provide on closures. Mark Grenning used the example of smelters closing due to low aluminium prices, and the level of government support that they may need to remain operational. Nicola Faclon (AEMO) stated that AEMO doesn't have access to the financial data of industrials, so could not clearly state whether support is required for continued operation. AEMO does ask for as much notice as possible when closures occur. Ron Logan (ERM power) suggested including sensitivities of probable LIL losses in certain scenarios. Nicola Falcon agreed that AEMO can examine the impact on consumption of several sensitivities, as provided for in the slides. Ron Logan, Mark Grenning and David Havyatt called for AEMO to provide greater transparency around how they account for possible load closures due to low commodity prices and assumptions implicitly made if loads remain operational under the central scenario.
- Mark Grenning (EUAA) alluded to the scenario of a deep enough recession to alter households electricity consumption behaviour. Small and Medium Enterprise (SME) loads may not rise at the same time as household consumption falls, decreasing overall consumption. Andrew Turley and Nicola Falcon (AEMO) responded that the ESOO downside scenario captures some deviation in the Household – SME comsumption relationship. David Havyatt (Energy Consumers Australia) stated that ECA are working towards ensuring sufficient government

support so that households are not forced to change their electricity consumption behaviour.

- David Headberry (Major Energy Users) suggested looking at worldwide electricity impacts from past pandemics to better guage the electricity impact, rather than pandemic GDP impacts or electricity impacts from past recessions.

3. Other Business

Nicola Falcon (AEMO) acknowledged the large number of questions and comments submitted on Slido. AEMO will endeavor to take on board valuable feedback but will be unable to publish responses to each question.

4. Meeting Close

The next FRG meeting is scheduled for May 27th 2020.
An out of cycle FRG meeting to discuss historical and forward-looking forced outage rates will be scheduled for June 10th 2020 to ensure sufficient time in the meeting for discussion.

Forecasting Reference Group (FRG) Actions Items – OPEN (as at 20/05/2020)

Item	Date Raised	Topic	Action required	Responsible	By	Status
8.1.2	25/09/2019	Information sharing	Consider developing a mechanism for sharing inbox submissions with the wider FRG group. FRG to provide suggestions to AEMO.	AEMO and FRG	TBC	**OPEN** In interim, submission register included in meeting pack
5.4.1	29/4/2020	First stage of consultation on AEMO's FAR methodology	Participants to submit feedback to energy.forecasting@aemo.com.au	FRG Participants	3rd June 2020	**OPEN**

Forecasting Reference Group (FRG) Actions Items - CLOSED

Item	Date Raised	Topic	Action required	Responsible	By	Status