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# Interim Reliability Forecast Guidelines consultation paper

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October 2019

Consultation on the draft Interim Reliability  
Forecast Guidelines

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# Important notice

## PURPOSE

This document has been produced by AEMO to seek feedback on the Draft Interim Reliability Forecast Guidelines to be followed by AEMO when developing reliability forecasts for the purposes of the retailer reliability obligation. The guidelines are to become active by 31 December 2019.

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## VERSION CONTROL

Version	Release date	Changes
1	3/10/2019	Initial publication

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# 1. Introduction

The implementation of the Retailer Reliability Obligation (RRO) was agreed at the Council of Australian Governments (COAG) Energy Council meeting on 26 October 2018. The necessary legislative and National Electricity Rules (NER) changes took effect on 1 July 2019.

A key component of the RRO is the calculation of a five-year reliability forecast and five-year indicative reliability forecast for each National Electricity Market (NEM) region, to be published in AEMO's Electricity Statement of Opportunities (ESOO).

AEMO is required to produce reliability forecasts in accordance with Forecasting Best Practice Guidelines developed by the AER, and Reliability Forecast Guidelines established by AEMO. Interim Reliability Forecast Guidelines are to be published by AEMO by 31 December 2019, and final Guidelines in by 28 February 2021 as per NER clause 11.116.4.

## 2. Consultation process

The reliability forecasts are a critical input to triggering obligations under the RRO. In developing the reliability forecasts, AEMO is guided by the AER's Forecasting Best Practice Guidelines. Interim Forecasting Best Practice Guidelines were published by the AER on 20 September 2019<sup>1</sup> having regard to principles related to accuracy, transparency and engagement that are intended to promote stakeholders' confidence and transparency about AEMO's forecasting process.

These principles, as per the NER clause 4A.B.5, assert that:

- Forecasts should be as accurate as possible, based on comprehensive information and prepared in an unbiased manner.
- The basic inputs, assumptions and methodology that underpin forecasts should be disclosed.
- Stakeholders should have as much opportunity to engage as is practicable, through effective consultation and access to documents and information.

The AER Interim Forecasting Best Practice Guidelines introduce Forecasting Best Practice Consultation Procedures which AEMO must use every four years to determine:

- The fundamental methodologies needed in the forecasting processes.
- The components on which the forecasts are to be based, and they way they are to be determined and used.
- The stakeholder engagement process for determining the forecasting methodologies, inputs and assumptions.

AEMO's Draft Interim Reliability Forecasting Guidelines, published alongside this document on AEMO's website, explain how a reliability forecast is prepared, and how we propose to implement the Forecasting Best Practice Guidelines.

AEMO seeks feedback on these Draft Guidelines to inform AEMO's finalisation of the Interim Reliability Forecast Guidelines to be published in late 2019.

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

AEMO’s indicative timeline for this consultation is outlined below. Dates may be adjusted depending on the number and complexity of issues raised in submissions and outcomes of any meetings with stakeholders.

**Table 1** Timeline for consultation

Deliverable	Indicative date
Draft Interim Reliability Forecast Guidelines published for Consultation	Thursday 3 October 2019
Industry workshop	Thursday 17 October 2019
Consultation submissions due	Thursday 31 October 2019
Consultation determination published	Thursday 28 November 2019
Interim Reliability Forecast Guidelines published	Thursday 19 December 2019

## 3. Seeking feedback

AEMO invites stakeholders to provide feedback on the Draft Interim Reliability Forecast Guidelines. The questions below can be used as a guide.

Stakeholders are invited to submit written responses on the questions below and other issues related to forecasting NEM demand by **5.00 pm (Australian Eastern Standard Time) on Thursday 31 October 2019**. Submissions should be sent by email to [energy.forecasting@aemo.com.au](mailto:energy.forecasting@aemo.com.au).

### Questions for consultation

1. Do the reliability forecast guidelines appropriately reflect the AER’s Interim Forecasting Best Practice Guidelines?
2. Are the reliability forecast guidelines clear in explaining how a reliability forecast is prepared?
3. Do the guidelines adequately address the components listed in NER Clause 4A.B.4(b) (itemised in Section 1.3 of the draft Interim Reliability Forecast Guidelines)?
4. Do the guidelines adequately describe how AEMO will:
  - 4.1. Develop forecasts that are as accurate as possible?
  - 4.2. Disclose the basic inputs, assumptions and methodology that underpin forecast?
  - 4.3. Provide stakeholders with as much opportunity to engage as is practicable, through effective consultation and access to documents and information in accordance with the Forecasting Best Practice Consultation Procedures?