

The EUAA welcomes the opportunity to make some brief comments on this consultation paper.

In a range of submissions to the AER and AEMO we have highlighted our concerns, based on our participation in many aspects of AEMO's forecasting and national planner work including the Forecasting Reference Group, ESOO and ISP, that there is an overly conservative forecasting approach being used by AEMO. Given that consumers are the ultimate bearers of all the costs that result from these conservative forecasts, we need to be confident that the costs that will invariably be borne by consumers have been set at an efficient level that meets the NEO.

Our overall concern about the approach AEMO is taking is that it is, in many cases, effectively forecaster and arbitrator of whether stakeholder concerns about its forecasting methodology are valid. This is simply illustrated by this process, where AEMO, rather than the AEMC in a rule change situation, is assessing the veracity of submissions that point to limitations in what AEMO is proposing. In our view AEMO has a conservative approach to forecasting and that it has every incentive to continue this approach because it does not face the costs of that conservatism, only the reputational damage if the lights go out, irrespective of whether the reliability standard is still met. It is our members, and consumers generally, who pick up the tab.

This brief submission:

- Supports the comments made by ERM Power in its submission on this matter, and
- Adds further comments on the Industry Engagement section

SECTION 2 – INDUSTRY ENGAGEMENT

We prefer this being referred to as 'Stakeholder Engagement' as use of the word 'Industry' could be construed to exclude consumers.

Our [previous submission on this matter](#) highlighted that when we applied the IAP2 spectrum to AEMO's forecasting engagement, it was dominated by engagements that 'inform' with some 'consult' and little or no 'involve' or 'collaborate'.

It is pleasing to see the changes in Section 2.3.1 setting out in more detail the different forms of engagement along the IAP2 spectrum that AEMO intends to use. However, the way it is expressed is very disappointing and far from best practice engagement. We agree that:

“effective engagement requires more than just choosing the right form of engagement”

but it is a very good start. It also requires commitment to implement a proactive consultation framework as intended in the IAP2 spectrum. We are concerned that AEMO's application of the factors listed to help you choose the engagement form, such as materiality, novelty and complexity of the purpose, risk of forecast accuracy etc may lead to engagement continuing to be predominately 'inform'.

It is not a legitimate reason to say 'we are not doing an 'involve' or 'collaborate' engagement because of constraints that stakeholders face:

“...including but not limited to: available time, funds and access to specialist skills/knowledge/information and tools.” (Section 2.4)

It is effectively saying that while consumers do not have the resources AEMO considers is required to engage in forecasting discussions, the engagement will continue at the ‘inform’ level. Given AEMO’s reluctance to fund comprehensive consumer engagement, and the limitations of ECA funding that consumer advocates face, AEMO is effectively saying that its current approach dominated by ‘inform’ is set to continue.

We are pleased to see AEMO taking up our previous suggestion of an issues register in the form of a Forecasting Approach register. However, we believe that it is critical that AEMO also establish a Consultation Issues Register as intended by the AER’s Forecasting Best Practice Guideline. AEMO would maintain details of issues raised by stakeholders during any informal or formal consultation with regards to disagreements with AEMO’s preferred option in a register and report to the AER how such issues were resolved or determined and the reasons for determining the outcomes.

Do not hesitate to be in contact should you require any additional information or clarification.



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