



AEMO access to demand forecasting information final rule

Publication of final rule determination and final rule

The Australian Energy Market Commission (AEMC) has made a rule that explicitly allows the Australian Energy Market Operator (AEMO) to prepare demand forecasts at the connection point and regional level as part of its National Transmission Planner functions.

Final rule

The rule explicitly recognises demand forecasting at a connection point and regional level as a National Transmission Planner function in the National Electricity Rules (NER).

As a result, there is no doubt that AEMO can compel persons to provide connection point data and information to prepare demand forecasts using its information gathering powers in the National Electricity Law, namely market information orders and market information notices.

The rule also requires AEMO to publish the demand forecasts and a sufficient amount of information used to prepare the forecasts to enable an understanding of how the forecasts were developed in the National Transmission Network Development Plan database, subject to confidentiality of the information.

Reasons for the final rule determination

There is currently some doubt that AEMO can compel persons to provide connection point data and information to develop demand forecasts under the National Electricity Rules.

By putting it beyond doubt that AEMO has access to this data, the final rule has the potential to improve AEMO's long term electricity demand forecasts as it may enable AEMO to develop a better understanding of the increased diversity of activities occurring within distribution networks.

These potential improvements to AEMO's long term demand forecasts may lead to improved recommendations by AEMO in the National Transmission Network Development Plan and more efficient investment and operation of electricity services by network service providers and other energy market stakeholders such as generators and customers, to the extent that they use the forecasts. Improved demand forecasts may also lead to more informed revenue determinations by the Australian Energy Regulator which may make use of the forecasts. Ultimately, these potential outcomes may result in prices for electricity consumers being lower than what they would have been.

In addition, requiring AEMO to publish the demand forecasts and information used to prepare any forecasts will provide greater transparency which may provide greater confidence in the demand forecasts. This, in turn, may make it more likely that the final rule will lead to better investment in and operation of electricity services by network service providers and other energy market stakeholders. It may also give these stakeholders access to new information and enable them to develop their own forecasts should they wish to do so.

Regional level forecasting refers to forecasting which is effectively undertaken at a state level. Forecasting at the connection point level is undertaken at a greater level of granularity within a region's transmission network. As the two sets of forecasts inform one another the final rule explicitly identifies the preparation of both sets of forecasts as a National Transmission Planner function for AEMO.

The final rule will commence immediately, on 22 October 2015.

Commencement of the final rule

The rule will commence immediately, on 22 October 2015. However, to give AEMO time to develop the capacity, the requirement for AEMO to publish the information on which any forecasts are based in addition to the forecasts themselves will not take effect until 1 July 2017.

Rule change request

The final rule is the result of a rule change request from the COAG Energy Council.

This request was prepared as a result of the 2012 COAG endorsed energy reform agenda. As part of this agenda, the COAG Energy Council agreed to task AEMO to develop demand forecasts which may be used by the Australian Energy Regulator to inform its regulatory determination processes. One of the objectives of the reform agenda was for any costs or benefit associated with falling demand for electricity to be shared appropriately between network service providers and consumers.

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