



4 June 2015

Mr Chris Spangaro
Senior Director
Australian Energy Market Commission
Level 6, 201 Elizabeth Street Sydney
NSW, 2000
By electronic lodgement

Dear Mr Spangaro,

RE: National Electricity Amendment (AEMO access to demand forecasting information) Ref ERC0184

GDF SUEZ Australian Energy (GDFSAE) appreciates the opportunity to comment on the Australian Energy Market Operator (AEMO) access to demand forecasting information consultation paper (the Consultation Paper).

The Council of Australian Government's Energy Council have prepared a rule change request which seeks to give AEMO access to information to develop demand forecasts for each region of the National Electricity Market (NEM) at the transmission connection point level. The Australian Energy Market Commission (AEMC) Consultation Paper defines the transmission connection point as being the point where the distribution network meets the transmission network.

The rule change proposal suggests that transmission connection point demand forecasts may be used by AEMO in the development of its National Transmission Network Development Plan (NTNDP). The proposal also suggests that the forecasts may be used by Transmission Network Service Providers (TNSPs) to inform their investment decisions and further, by the Australian Energy Regulator (AER) to assess TNSPs' regulatory proposals as part of revenue determination processes.

AEMO recently began to publish transmission connection point demand forecasts for each region of the NEM on an annual basis, in response to a request from the then Standing Council on Energy and Resources (SCER). SCER also prepared a rule change request to ensure that AEMO had access to the information it required to prepare the connection point forecasts.

As described in the Consultation Paper, the rule change request seeks to allow AEMO to collect information for the purpose of developing demand forecasts at the transmission connection point level by expressly recognising connection point forecasting as a National Transmission Planner function (NTP function) for AEMO.

GDF SUEZ Australian Energy

Level 33, Rialto South Tower, 525 Collins Street
Melbourne, Victoria 3000, Australia
Tel. +61 3 9617 8400 Fax +61 3 9617 8401

www.gdfsuezau.com

INTERNATIONAL POWER (AUSTRALIA) PTY LTD
ABN 59 092 560 793

GDFSAE supports the publication by AEMO of connection point demand forecasts, as well as historical data, which will better inform market participants of how demand is dispersed across the National Energy Market. This level of information granularity is becoming increasingly important as the industry is undergoing a shift towards distributed generation and demand response.

Although the publication of connection point information by AEMO is supported, GDFSAE does not believe that the rule change proposal has set out a clear case that AEMO are in need of additional powers in order to carry out this new obligation. Furthermore, GDFSAE notes that AEMO have commenced publication of forecast connection point demand information¹ and have not indicated a need for increased information gathering powers.

GDFSAE has provided responses to each of the questions posed in the AEMC Consultation Paper below.

Question 1

a) Will giving AEMO access to information to develop transmission connection point forecasts enable AEMO to produce improved transmission planning forecasts in the NTNDP?

AEMO already have access to sub-regional demand forecast data for their National Transmission Network Development Plan (NTNDP) zones. It is not clear to GDFSAE that AEMO would require demand forecast data down to the connection point level to enable them to produce the annual NTNDP.

As the Victorian transmission network planner, AEMO clearly need access to Victorian connection point demand forecast information, but they already have access to this through their jurisdictional planner role in Victoria.

b) Will transmission connection point forecasts prepared by AEMO enable TNSPs to make better informed investment decisions?

TNSPs already have access to connection point demand forecast information within their region of responsibility, so it is not clear that the TNSPs would be better informed by transmission connection point forecasts prepared by AEMO

c) Will the demand forecasts assist the AER in assessing TNSPs' regulatory proposals?

The AER are already able to request data from TNSPs to assist them in regulating the network businesses, and TNSPs would provide this information in their periodic applications. It is therefore not clear that AEMO publishing connection point demand forecasts would be of any further assistance to the AER.

The Consultation Paper suggests that the proposed rule would give the AER access to a set of connection point demand forecasts that are independent of the TNSPs. Given that AEMO will be reliant on information provided by the TNSPs in order to produce its forecasts, it is doubtful that the independence referred to in the Consultation Paper will result.

Question 2

¹ See <http://www.aemo.com.au/Electricity/Planning/Forecasting/AEMO-Transmission-Connection-Point-Forecasting>

a) Following on from question one, does the development of demand forecasts at the transmission connection point level appropriately sit within AEMO's national transmission planning function?

GDFSAE would have no particular objection to AEMO including transmission connection point demand forecasts in their national planning documents, but it is not at all clear that this is necessary for AEMO, TNSP's or the AER for the reasons outlined above.

If there is value in AEMO performing this role, GDFSAE suggests that it is more likely to be for the market participants that do not currently have easy access to such data. Providing this information to market participants via AEMO would assist market participants in forming their own views about the future demand growth and implications for networks, generation and retail.

b) Alternatively, should the AER develop these forecasts as part of its regulatory functions, should it consider them useful?

If these forecasts are to be prepared and published, GDFSAE would prefer that this be performed by AEMO, since they are the body that provide other market data.

GDFSAE trusts that the comments provided in this response are of assistance to the AEMC in its deliberations. Should you wish to discuss any aspects of this submission, please do not hesitate to contact me on, telephone, 03 9617 8331.

Yours sincerely,



Chris Deague
Wholesale Regulations Manager