

AER decides not to review the Cost Benefit Analysis and Forecasting Best Practice Guidelines

This statement sets out the reasons the Australian Energy Regulator does not consider a review of the Cost Benefit Analysis (CBA) and Forecasting Best Practice (FBP) guidelines is needed for them to remain consistent with two rules made by the Australian Energy Market Commission, “Improving consideration of demand side factors in the ISP¹” and “Better integration of gas and community sentiment in the ISP”².

These rules placed new requirements and powers on the Australian Energy Market Operator (AEMO) and expanded the data that it should consider in the preparation of the Integrated System Plan (ISP). This included the use of gas production and planning data as well as a new report that must be prepared as part of the ISP identifying opportunities related to distribution network augmentation, especially where this may reduce or replace the need to invest in transmission.

Under those rules, the AER is required to consider and, where necessary or desirable, amend and publish our CBA and FBP guidelines to take into account the content of these rule changes. The AER has determined that it will not be amending the CBA and FBP Guidelines in response to the final rules.

In coming to this position, we have assessed the consistency of content between the updated National Electricity Rules and the CBA and FBP guidelines.

Through our consideration of the guidelines, we identified some possible amendments:

- minor changes to the guidelines to incorporate language from the new rules
- an additional discretionary consultation process for new and important content and topics
- minor administrative and formatting changes to other sections of the guidelines.

We do not consider that the final rules have resulted in any incompatibility with our guidelines. They do not require any new binding requirements and the identified possible amendments do not materially benefit or improve the function of the guidelines. As such, we consider none of the identified possible amendments met the criteria of necessary or desirable changes. However, we will consider including them in the scope of a future review of the guidelines.

We made a range of [improvements to our guidelines](#) in 2024, informed by detailed stakeholder engagement. This built upon work we had done in 2023 on system planning and investment, including the publication of our [social licence directions paper](#).

¹ AEMC, National Electricity Amendment (Improving consideration of demand side factors in the ISP), Rule 2024 No. 26, 19 December 2024.

² AEMC, National Electricity Amendment (Better Integration of gas and community sentiment in the ISP), Rule 2024 No. 25, 19 December 2024.

Next steps

While we are not initiating a review of the guidelines, should interested stakeholders have feedback, they may do so by contacting us via RITguidelines@aer.gov.au.