

Review of the Forecasting Best Practice guidelines

Draft amendments – explanatory statement

March 2026

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Summary

The Forecasting Best Practice (FBP) guidelines provide principles and procedural guidance to promote transparency and stakeholder confidence in the Australian Energy Market Operator's (AEMO) forecasting practices in developing reliability forecasts and the Integrated System Plan (ISP). The FBP guidelines also specify the minimum procedural requirements for consultation expected of AEMO when releasing publications associated with the ISP and the Electricity Statement of Opportunities (ESOO).

The AER is reviewing the Forecasting Best Practice (FBP) guidelines to implement non-material changes that have been identified in recent years.

The issues addressed by the identified changes are:

- improving efficiency of processes for AEMO to follow in producing compliance reports for the release of an ISP Methodology and Inputs, Assumptions and Scenarios Report (IASR) in close succession
- alignment with updated definitions and features from the Australian Energy Market Commission's (AEMC) final determinations on '[Improving consideration of demand side factors in the ISP](#)' and '[Better integration of gas and community sentiment into the ISP](#)' rules changes.

We will also:

- update the formatting and presentation of the FBP guidelines to align with the AER's other system planning guidelines
- update relevant references.

We invite stakeholders to provide questions and feedback on our amendments by written submissions accepted until 24 April 2026.

1 Background

1.1 The AER's Forecasting Best Practice guidelines

The Forecasting Best Practice (FBP) guidelines provide principles and procedural guidance to promote transparency and stakeholder confidence in the Australian Energy Market Operator's (AEMO) forecasting practices in developing reliability forecasts and the Integrated System Plan (ISP). The FBP guidelines also specify the minimum procedural requirements for consultation expected of AEMO when releasing publications associated with the ISP and the Electricity Statement of Opportunities (ESOO).

1.2 Scope of this review

This targeted review considers amendments to the FBP guidelines to improve the efficiency of the requirements placed on AEMO to report on how it has complied with the guidelines. This issue was raised by AEMO in 2025, with the suggestion that they combine the compliance reports for the Inputs, Assumptions and Scenarios Report (IASR) and ISP Methodology into one report.

This targeted review also includes amendments to align the FBP guidelines with changes made to the National Electricity Rules (NER) in 2024, for:

- *improving consideration of demand side factors in the ISP¹*
- *better integration of gas and community sentiment in the ISP².*

These amendments were identified in early 2025, when we assessed our guidelines for changes to account for these two amended rules. While none of the changes were found to be either necessary or desirable to the continued function of the guidelines, they were retained for future consideration, such as in the current review.

This targeted review also provides an opportunity to make minor changes including administrative updates to references and formatting. This includes converting the FBP guidelines to have formatting and layouts consistent with recent updates to the Australian Energy Regulator (AER) guidelines such as the [Cost Benefit Analysis \(CBA\) guidelines](#).

1.3 Consultation next steps

In drafting this explanatory statement and the draft amendments, we have considered feedback from the Australian Energy Market Commission's (AEMC) recent processes on the rules above and written submissions they received in response to their draft rules.

When finalising the guidelines, we will consider and incorporate feedback from any written submissions we receive on our draft amendments.

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.

Table 1 sets out the next steps for this review before publication of the updated guidelines.

Table 1 Indicative dates for the guidelines review process

Process Step	Expected Date
Draft amendments published	25 March 2026
Consultation period	25 March – 24 April 2026
Updated guidelines published	By 3 July 2026

1.4 Invitation for submissions

We invite stakeholders to provide questions and feedback in written submissions. The content of the submissions will inform the final amendments and will be addressed in the explanatory statement accompanying the final amendments.

Submissions on the draft amendments will be accepted until **24 April 2026**. Stakeholders may also request a meeting with the AER to discuss any of the amendments and their submissions.

We prefer stakeholders send submissions electronically to:

systemplanningregulation@aer.gov.au

Alternatively, stakeholders can mail submissions to:

Kami Kaur
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We prefer all submissions be publicly available to facilitate an informed and transparent consultation process. We will therefore treat submissions as public documents unless otherwise requested.

We request parties wishing to submit confidential information to:

- clearly identify the information that is subject of the confidentiality claim, and reasons for the confidentiality claim
- provide a non-confidential version of the submission, in addition to a confidential one.

We will place all non-confidential submissions on our [2026 review of the Forecasting Best Practice guidelines draft decision](#) webpage. For further information regarding our use and disclosure of information provided to us, see the [ACCC/AER Information Policy](#), June 2014, available on our website.

Please direct enquiries about this paper to systemplanningregulation@aer.gov.au.

We look forward to feedback from all stakeholders on these important updates to our guidelines to support the energy transition and prepare the future of network regulation.

2 Consultation process

We have chosen to undertake an expedited rules consultation procedure (expedited process) to review the FBP guidelines as set out in National Electricity Rules (NER) clause 8.9.3. The expedited rules consultation procedure requires a single stage consultation on draft amendments, with a minimum submission period of 20 business days, and requires the final amended guidelines to be issued within 50 business days of the draft amendments.

To undertake an expedited process, all proposed changes and amendments must be ‘non-material’.³ NER clause 8.9.3(a)(2) requires we set out reasons why we consider the amendment to the guidelines to be a non-material proposal. If a stakeholder disagrees with the assessment of the proposed changes as being non-material, they may write to us within 10 business days of publication of the draft amendments (10 April 2026) to provide reasons and request a change to the standard rules consultation procedure.

We consider the draft amendments to be non-material because the proposed changes:

- only affect AEMO for the preparation of the ISP and associated compliance reports
- do not affect the activities of registered participants
- improve the flexibility and transparency of existing processes and do not add new requirements
- do not amend expectations for existing requirements, considerations and obligations other than the timing
- otherwise include only minor or administrative changes.

Given this scope and application of the draft amendments to the FBP guidelines discussed in section 3, the AER considers the expedited process to provide an appropriate opportunity for stakeholders to consult on this targeted review.

³ NER cl. 8.9.1(a): Non-material Proposal means a Proposal that, if implemented, will be unlikely to have a significant effect on the NEM or on the activities of the Registered Participants to which the Proposal relates.

3 Draft amendments to the guidelines

3.1 Compliance reporting process

The FBP guidelines currently require AEMO to submit a compliance report within 20 business days of releasing the IASR or ISP methodology. These reports are typically prepared during periods of competing priorities associated with ISP development, and the current deadline can be difficult to meet. Accordingly, we consider that the 20 business day timeframe may not be adequate in all circumstances and propose to extend it.

The draft amendments extend the 20 business day timeframe to 40 business days and introduce greater flexibility by allowing AEMO to:

1. seek an extension of the timeframe, and
2. where feasible, combine multiple compliance reporting obligations into a single publication.⁴

The amendments also outline the information AEMO must provide to support an extension request and the criteria the AER will consider in determining whether to grant an extension.

Where compliance reporting obligations arise within a short timeframe and cover similar content, the ability to consolidate reports is intended to improve efficiency and reduce duplication. This is expected to streamline reporting processes and reduce the overall number of compliance reports published. The AER has not identified any time-critical outputs that rely on a 20 business day (or similarly short) timeframe for these compliance outputs. A 40 business day limit provides flexibility during periods of heightened activity around the release of the IASR, while reducing the likelihood that AEMO will need to seek an extension. It also provides a more realistic timeframe for AEMO to assess whether a combined report is feasible and, where necessary, to prepare an extension request.

For clarity, these changes do not introduce new obligations. Rather, they provide additional flexibility in how AEMO meets its existing compliance reporting requirements.

3.2 Aligning with changes made to the NER in 2024

The following amendments were identified in response to changes made to the NER in 2024, for:

- *improving consideration of demand side factors in the ISP*⁵
- *better integration of gas and community sentiment in the ISP*⁶.

We consider that the existing guidance adequately covers the development of the demand side factors statement as part of the ISP and related publications. However, the draft

⁴ AER, Draft amendments – Forecasting Best Practice Guidelines, March 2026, p. 15-16

⁵ AEMC, National Electricity Amendment (Improving consideration of demand side factors in the ISP), Rule 2024 No. 26, 19 December 2024.

⁶ AEMC, National Electricity Amendment (Better Integration of gas and community sentiment in the ISP), Rule 2024 No. 25, 19 December 2024.

amendments provide flexibility for AEMO to undertake targeted consultation on relevant aspects of the ISP methodology and the ISP where this would be beneficial.⁷

In section 2.4 of the FBP guidelines, the draft amendments enable AEMO to conduct more frequent reviews of the ISP methodology. This supports the timely integration and refinement of new processes, such as the demand side factors statement, without deferring changes until the next four-yearly methodology review or requiring an additional full review.

The draft amendments also introduce a new section 2.6, which allows AEMO, at its discretion, to undertake additional consultation on specific sections of the ISP prior to the formal draft ISP consultation. This is intended to support transparent consultation and improve the quality of the ISP by enabling feedback on intermediate outputs that may inform ISP modelling or cost benefit analysis. This process is optional and applies only where AEMO considers it appropriate.

These changes enable earlier consultation on key topics, allowing additional stakeholder feedback to be incorporated throughout the ISP development process. They also address the limited opportunity for consultation between the draft and final ISP.

We identified no changes to be necessary regarding the inclusion of gas in the ISP as the FBP guidelines provides general procedural principles and advice rather than guidance on specific topics or content of the ISP. Likewise, we do not consider that the guidelines limit AEMO from considering gas developments in the ISP.

3.3 References and formatting

This review also enables minor administrative updates to references and formatting, including alignment of the FBP guidelines with the format and layout of recently updated AER guidelines.

⁷ AER, Draft amendments – Forecasting Best Practice Guidelines, March 2026, p. 7