

# Review of the Forecasting Best Practice guidelines

Explanatory statement

June 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 Australian Energy Regulator (AER) has reviewed the FBP guidelines to implement non-material changes that were identified in recent years.

The objectives of this review were to:

- improve the 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
- align the guidelines with updates 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.

In addition, we:

- updated the formatting and presentation of the FBP guidelines to align with the AER's other system planning guidelines
- updated relevant references, including now referencing the AER's Better Resets Handbook which replaced the consumer engagement guideline for network service providers in 2021.

# 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 is a targeted review of the FBP guidelines, undertaken using the expedited rules consultation procedure in clause 8.9.3 of the National Electricity Rules (NER). The purpose of the review is to make non-material amendments that improve the efficiency and clarity of AEMO's existing reporting and consultation processes under the guidelines. This review does not change the underlying intent of the guidelines or create new obligations, but rather it updates timeframes and process options to meet existing obligations.

Our amendments address flexibility issues noted by AEMO in 2025, through the suggestion that they combine the compliance reports for the Inputs, Assumptions and Scenarios Report (IASR) and ISP Methodology.

This targeted review also included amendments to align the FBP guidelines with changes made to the NER in 2024, for:

- *improving consideration of demand side factors in the ISP*<sup>1</sup>
- *better integration of gas and community sentiment in the ISP*<sup>2</sup>.

These amendments were identified in early 2025 when we assessed our guidelines for changes to account for these 2 amended rules. These amendments were recorded for inclusion in a future review and have therefore been included in this review.

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

## 1.3 Consultation next steps

The final guidelines and this explanatory statement incorporate feedback from the written submissions we received in response to our draft amendments. A summary of the content raised in these submissions can be found in Appendix A.

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

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

## 2 Final amendments to the guidelines

### 2.1 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 amendments now 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
2. where feasible, combine multiple compliance reporting obligations into a single publication.<sup>3</sup>

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.

### 2.2 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*<sup>4</sup>
- *better integration of gas and community sentiment in the ISP*<sup>5</sup>.

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 amendments

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<sup>3</sup> AER, *Forecasting Best Practice Guidelines*, May 2026, pp. 15-16.

<sup>4</sup> AEMC, *National Electricity Amendment (Improving consideration of demand side factors in the ISP)*, Rule 2024 No. 26, 19 December 2024.

<sup>5</sup> AEMC, *National Electricity Amendment (Better Integration of gas and community sentiment in the ISP)*, Rule 2024 No. 25, 19 December 2024.

provide flexibility for AEMO to undertake targeted consultation on relevant aspects of the ISP methodology and the ISP where this would be beneficial.<sup>6</sup>

In section 2.4 of the FBP guidelines, the 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 4 yearly methodology review or requiring an additional full review.

The 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.

We have made minor changes to section 2.6 in response to submissions received on our draft amendments to better align with the intent and purpose of additional consultation. We have maintained minimum requirements AEMO must complete during the consultation process and incorporate reporting into related publications. This is to reduce procedural burden but still maintain transparency and rigor throughout the process. Specifically, we have made the following changes:

- Maintained the ability for stakeholders to request meetings following consultation
- Instead of requiring a draft consultation report, required AEMO to discuss the consultation, content of submission and insights gained in the next publication relevant to the consultation.

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.

## 2.3 References and formatting

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

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<sup>6</sup> AER, *Forecasting Best Practice Guidelines*, May 2026, p. 7.

## Appendix A: Submissions received on our draft amendments

We received 2 submissions on the content of this review from KIG Energy Management (KEM Energy) and AEMO which both broadly supported the amendments.

### **KIG Energy Management**

KEM Energy requested additional guidance be added to explicitly ensure that the additional early consultation process set out in section 2.6 of the guidelines is available for novel and hybrid asset types.

We do not consider that the amendments preclude AEMO from undertaking additional consultation on any input or methodology relevant to the development of the ISP. The FBP guidelines avoid specifying technologies or asset types in processes to ensure that guidance and processes may apply to all considered assets, inputs or methodologies. Section 4 of the FBP guidelines provides relevant guidance and requires AEMO to consider views raised in consultation when developing its forecasting approach. In cases where AEMO chooses not to undertake additional consultation, concerns may still be raised through the compulsory consultation processes undertaken in developing the ISP.

While we encourage continued engagement with AEMO on their modelling and forecasting processes, we do not consider any further changes to section 2.6 of the guidelines are needed to address this submission.

### **AEMO**

AEMO requested that the requirement added to section 2.6 of the guidelines (that any additional consultation follow steps 1 – 6 of Appendix A) be reconsidered or removed from the amendments.

AEMO submitted that the inclusion of the steps slows the process to the point of infeasibility where further consultation would otherwise be preferable due to the minimum timeframes and required publication of a report. It noted this may discourage further consultation where it otherwise would have been pursued.

We consider that it remains necessary that consultation under the FBP guidelines be bound by a level of minimum requirements, but we also accept that the steps outlined in Appendix A may be too extensive for what is intended to be an agile and augmentative process to other larger consultation and reporting processes.

As such, we have made changes to Section 2.6 which maintain the intent behind the actions in Appendix A, but with a focus to shorten the potential length of the process and consolidate reporting requirements into publications already required.

We intend that these changes will ensure AEMO is not discouraged from undertaking further consultation where they consider it desirable while ensuring a proper level of procedural uniformity and transparency.