

2026 Forecasting Best Practice Compliance Report

September 2026

Regarding the 2026 Electricity
Statement of Opportunities





We acknowledge the Traditional Custodians of the land, seas and waters across Australia. We honour the wisdom of Aboriginal and Torres Strait Islander Elders past and present and embrace future generations.

We acknowledge that, wherever we work, we do so on Aboriginal and Torres Strait Islander lands. We pay respect to the world's oldest continuing culture and First Nations peoples' deep and continuing connection to Country; and hope that our work can benefit both people and Country.

AEMO is proud to have launched its Innovate [Reconciliation Action Plan](#) (RAP) in June 2026. Pictured left and featuring on the cover of the Innovate RAP is Wiradjuri artist Lani Balzan's 'Journey of unity: AEMO's Reconciliation Path', a visual representation of our ongoing journey towards reconciliation – a collaborative endeavour that honours First Nations cultures, fosters mutual understanding, and paves the way for a brighter, more inclusive future.

Important notice

Purpose

The purpose of this compliance report is to demonstrate how AEMO complied with the Forecasting Best Practice Guidelines (FBPG) when preparing reliability forecasts for the purposes of the 2026 Electricity Statement of Opportunities (ESOO), as required by section 5.1 of the FBPG.

Disclaimer

AEMO has made reasonable efforts to ensure the quality of the information in this document but cannot guarantee its accuracy or completeness.

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Version control

Version	Release date	Changes
1	24/09/2026	Initial release

Executive summary

After reviewing its processes to develop the 2026 *Electricity Statement of Opportunities* (ESOO) for the National Electricity Market (NEM) and the associated reliability forecast, AEMO considers it has met the requirements and the intent of the Australian Energy Regulator's (AER's) *Forecasting Best Practice Guidelines* (FBPG).

The AER's FBPG¹ provide guidance for AEMO's forecasting practices and processes as they relate to developing the IASR, the ISP (and its methodologies) and the reliability forecasts included in the ESOO. The FBPG are also integral for the functioning of the Retailer Reliability Obligation (RRO), having regard to the following principles:

- Forecasts should be as accurate as possible, based on comprehensive information and prepared in an unbiased fashion.
- The basic inputs, assumptions and methodology that underpin forecasts should be disclosed.
- Stakeholders should have as much opportunity to engage as is practicable.

When assessing a request from AEMO to make a reliability instrument, clause 4A.C.11 of the National Electricity Rules (NER) requires the AER to have regard to whether AEMO has used reasonable endeavours to prepare its reliability forecast in accordance with the FBPG. To assist the AER's assessment, Section 5.1 of the FBPG states that AEMO should provide a report describing how it has, and where it has not, prepared a reliability forecast in accordance with the FBPG, when publishing each ESOO.

This 2026 *Forecasting Best Practice Compliance Report* ("compliance report") describes how AEMO has prepared its reliability forecast, presented in the 2026 NEM ESOO, in accordance with the FBPG.

¹ At <https://www.aer.gov.au/industry/registers/resources/guidelines/forecasting-best-practice-guidelines>.



Contents

Executive summary	3
1 Introduction	5
1.1 Background	5
1.2 Binding elements of the FBPG	6
1.3 Structure of this compliance report	7
2 Binding requirements	8
2.1 Forecasting Approach consultation	8
2.2 IASR consultation	8
2.3 Compliance reporting	9
3 Binding considerations	10
3.1 Binding considerations in the context of AEMO's forecasting activities	10
3.2 Applying the FBPG binding considerations	10
A1. List of binding requirements and binding considerations	17

Tables

Table 1	List of binding requirements in the FBPG as they relate to the 2026 NEM ESOO	17
Table 2	List of binding considerations in the FBPG as they relate to the 2026 NEM ESOO	17

Figures

Figure 1	Use of the FBPG	5
Figure 2	AEMO's Forecasting Approach	13

1 Introduction

1.1 Background

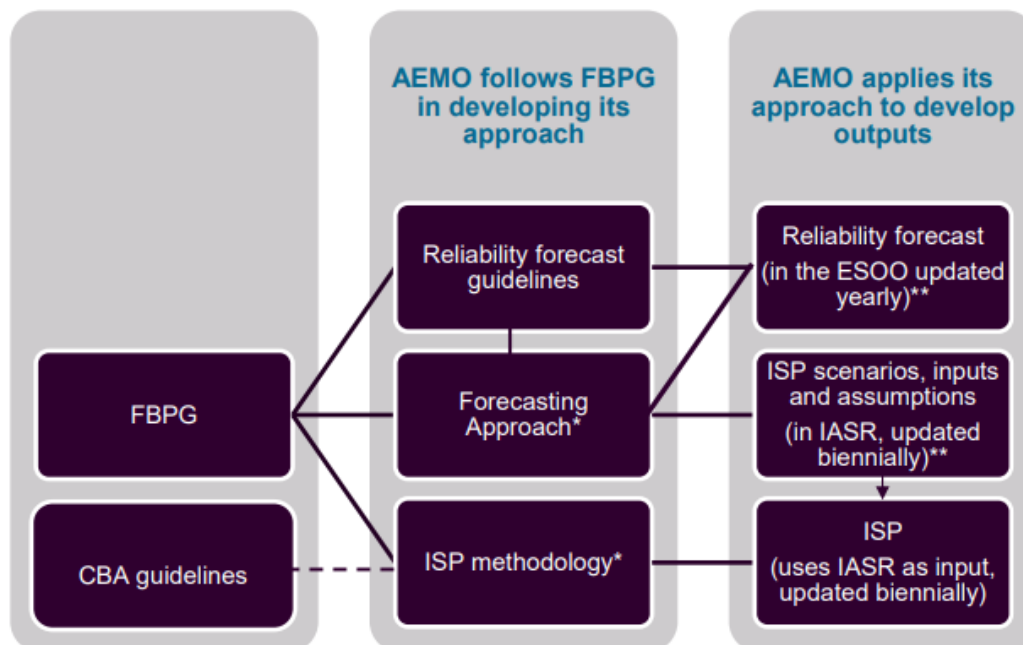
AEMO considers engagement with consumers, market participants, and other stakeholders as foundational to its forecasting activities. Incorporating stakeholder perspectives on the rapidly evolving energy market and systems, along with robust feedback on AEMO's forecasts, makes forecasts more accurate and useful and increases stakeholder confidence in them.

The AER's FBPG, introduced in August 2020, provide guidance to AEMO on minimum engagement principles and standards. The FBPG's procedural guidance covers:

- developing inputs, assumptions and scenarios, and associated forecasting and modelling methodologies applied in the *Integrated System Plan (ISP)*, and the preparation of an ISP update where necessary, and
- developing reliability forecasts which are included in AEMO's ESOO and are a critical input to statutory requirements under the Retailer Reliability Obligation (RRO)².

The FBPG describe the relationships between the guidelines, ESOO, *Inputs, Assumptions and Scenarios Report (IASR)*, *ISP Methodology* and the ISP. The illustration used in the FBPG is reproduced in Figure 1 below.

Figure 1 Use of the FBPG



* AEMO is *required* to update this at least every four years as per this FBPG.

** The ESOO and IASR include similar information. The IASR may be included in a document that also provides for the assumptions and inputs to be used in preparing other AEMO publications (such as the ESOO), and follow a joint consultation process. See NER clause 5.22.8(c).

² At <https://www.aer.gov.au/retail-markets/retailer-reliability-obligation>.

1.2 Binding elements of the FBPG

The FBPG specify:

- ‘binding requirements’ which must be addressed by AEMO,
- ‘binding considerations’ which AEMO must have regard to or must consider when making decisions, and
- discretionary elements that do not bind AEMO, but rather provide guidance for best practice.

1.2.1 Compliance of IASR and ISP Methodology

One of the binding requirements, as set out in section 5.2 of the FBPG, applies when AEMO is preparing an IASR or an *ISP Methodology*. AEMO has not prepared either of these publications since the 2025 FBPG Compliance report (August 2025) and hence these binding elements are not considered in this compliance report³.

AEMO published a *Forecasting Assumptions Update*⁴ which updated several of the inputs and assumptions which were published in the 2025 IASR and used in the 2026 NEM ESOO. This compliance report demonstrates how the consultation process for the 2026 *Forecasting Assumptions Update* had regard to the FBPG as it relates to AEMO’s reliability forecast, as explained further in the next section.

1.2.2 Compliance and reliability forecasts

Section 5.1 of the FBPG provides that AEMO should use reasonable endeavours to prepare reliability forecasts in accordance with the FBPG. When publishing each ESOO, the FBPG states that AEMO should provide a report to the AER, describing how it has, and where it has not, prepared reliability forecasts in accordance with the FBPG. While Section 5.1 of the FBPG does not impose a binding obligation, this compliance report describes how the 2026 NEM ESOO and reliability forecast were prepared in accordance with the FBPG. AEMO’s expectation is that if, following the publication of the 2026 NEM ESOO, AEMO makes a request to the AER to make a reliability instrument, this compliance report will help the AER expeditiously assess the request⁵.

The 2026 NEM ESOO has been developed in accordance with a number of elements outlined in this compliance report, including:

- AEMO’s overall forecasting approach,
- the inputs and assumptions outlined in the 2026 *Forecasting Assumptions Update* – the *Step Change* scenario from the 2025 IASR is being used for the ESOO Central scenario, considered by AEMO as the most likely scenario for reliability forecasting purposes,
- the stakeholder engagement activities discussed in Section 3.2, and
- the 2025 *Forecasting Accuracy Report* (FAR) and Forecast Improvement Plan noted in Section 3.2.7.

³ AEMO published the 2026 ISP on 25 June 2026. AEMO’s *Cost Benefit Analysis Guidelines Compliance Report*, provided to the AER on 23 July 2026, sets out how AEMO complied with the relevant regulatory obligations when preparing the 2026 ISP.

⁴ At <https://www.aemo.com.au/consultations/current-and-closed-consultations/draft-2026-forecasting-assumptions-update>.

⁵ NER 4A.B.1(e) requires AEMO to use reasonable endeavours to prepare a reliability forecast and an indicative reliability forecast in accordance with the FBPG.

On the basis of the above, AEMO considers that this compliance report demonstrates how AEMO has used reasonable endeavours to prepare the 2026 NEM ESOO (and associated reliability forecast) in accordance with the FBPG.

1.3 Structure of this compliance report

The remaining content of this compliance report is structured as follows:

- Section 2 demonstrates how AEMO has complied with the FBPG binding requirements as they relate to AEMO's 2026 NEM ESOO and reliability forecast.
- Section 3 addresses how AEMO has complied with the FBPG binding considerations as a whole, noting that there are common themes across many of the considerations, including stakeholder engagement, transparency and the adequacy of the forecasting models used. These themes are most easily explored with reference to how AEMO applies the FBPG considerations across the breadth of its forecasting activities.
- Appendix A1 contains a list of the binding requirements and binding considerations in the FBPG as they relate to the 2026 NEM ESOO and reliability forecast and where, in this compliance report, those requirements and considerations are addressed.

2 Binding requirements

2.1 Forecasting Approach consultation

“ AEMO is required to make its Forecasting Approach and associated review schedule clearly available on its website.

AEMO has a dedicated Forecasting Approach page on its website⁶ which provides:

- an overview of its Forecasting Approach,
- consultation timelines associated with each element of its Forecasting Approach,
- links to relevant methodologies and guidelines, and
- the AEMO Forecasting Approach Register, which summarises and responds to matters raised outside of formal consultation processes.

“ AEMO is required to follow the forecasting best practice consultation procedures in Appendix A (of the FBPG) every four years to review its Forecasting Approach (or more frequently if a material change in circumstances justifies an earlier review). If a material change in circumstances within the four yearly review cycle only affects a discrete component of AEMO's Forecasting Approach, AEMO is required to apply the shorter single stage process in Appendix B (of the FBPG) to review the component.

As noted above, the consultation timelines published on the Forecasting Approach page of AEMO's website track each element of AEMO's Forecasting Approach, when it was last reviewed, and when it is next due for review.

As at the date of this compliance report, there are no elements of AEMO's Forecasting Approach which are overdue for consultation.

AEMO did not consult on any elements of its Forecasting Approach since the release of the 2025 Forecasting Best Practice Compliance Report.

2.2 IASR consultation

“ AEMO is required to follow the single stage process in Appendix B when developing and updating scenarios, inputs and assumptions in its IASR, which it updates as part of the ISP development process. For completeness, if AEMO combines the IASR and associated consultation process with another AEMO publication, it is still required to meet the minimum requirements in Appendix B.

⁶ At <https://aemo.com.au/energy-systems/electricity/national-electricity-market-nem/nem-forecasting-and-planning/forecasting-approach>.



“ AEMO is required to follow the single stage process when issuing IASR updates unless it is implementing: (1) a specific data update that it had pre-emptively set out in the IASR. This would have entailed AEMO consulting on indicative values, the methodology for updating and the timeline for updating. Where applicable, AEMO would also flag where additional consultation would occur through its forecasting reference group; or (2) an update to improve the IASR, which has been made in response to submissions on the draft ISP.

AEMO has not prepared or issued an IASR since the 2025 FBPG Compliance Report was submitted to the AER, therefore these binding requirements are not relevant for this compliance report.

However, when preparing the 2026 NEM ESOO and reliability forecast, AEMO updated numerous 2025 IASR inputs and assumptions, as outlined in the 2026 *Forecasting Assumptions Update* (published in conjunction with the 2026 NEM ESOO). The 2026 *Forecasting Assumptions Update* was developed with reference to the FBPG binding considerations, as described in Section 3 of this compliance report. The key consultation activities associated with the 2026 *Forecasting Assumptions Update* were:

- the publication of the Draft 2026 *Forecasting Assumptions Update* on 23 December 2025, followed by a six-week period in which stakeholders had the opportunity to provide written submissions which closed on 2 February 2026⁷,
- presentations to the Forecasting Reference Group (FRG) on the Draft ESOO consumption and data centre consumption forecasts on 13 May 2026, as well as a presentation on the draft ESOO Demand, Demand Side Participation and Generator Outage Rate forecasts in June 2026, and
- the preparation of a 2026 *Forecasting Assumptions Update Consultation Summary Report*, which set out how AEMO had addressed and/or incorporated feedback received from stakeholders in the above consultations.

2.3 Compliance reporting

“ No later than 20 business days after publishing an IASR or ISP methodology, AEMO is required provide a report to the AER demonstrating that it has complied with the applicable requirements and considerations in the FBPG. AEMO is required to demonstrate in its compliance reports that it has (a) complied with applicable requirements; (b) has had regard to applicable considerations (including reasons for the weight it attached to each consideration); and (c) resolved key issues raised by the AER through the AER's issues register.

If a compliance report contains confidential information, AEMO is required to provide a non-confidential version of the report in a form suitable for publication.

Given that neither an IASR nor an *ISP Methodology* has been published since the 2025 FBPG Compliance Report, Section 2.5 of the FBPG is not relevant for this compliance report. Nevertheless, the FBPG also contain several binding considerations which AEMO must have regard to when developing a reliability forecast. AEMO's compliance with these binding considerations is addressed in the following section.

⁷ AEMO also held a verbal submission session with consumer advocate groups in February 2026.

3 Binding considerations

3.1 Binding considerations in the context of AEMO's forecasting activities

In addition to the binding requirements described in Section 2 of this compliance report, the FBPG include a list of binding considerations which AEMO must have regard to when developing a reliability forecast or an ISP. These binding considerations describe factors which AEMO must have regard to or consider when developing, engaging on, and applying its forecasts and forecasting publications.

The FBPG binding considerations compel AEMO to have regard to the following principles:

- Forecasts should be as accurate as possible, based on comprehensive information and prepared in an unbiased fashion.
- The basic inputs, assumptions and methodology that underpin forecasts should be disclosed.
- Stakeholders should have as much opportunity to engage as is practicable.

The best practice principles described in Section 4 of the FBPG provide a foundation for all the forecasting activities that AEMO undertakes. These include the preparation of the ESOO and reliability forecasts by AEMO.

When assessing a request from AEMO to make a reliability instrument, NER 4A.C.11 requires the AER to have regard to whether AEMO has used reasonable endeavours to prepare its reliability forecast in accordance with the FBPG.

The next section describes how AEMO has applied the binding considerations in the FBPG into its forecasting process and publications. Table 2 in Appendix A1 provides a cross-reference for which sections address the binding considerations.

3.2 Applying the FBPG binding considerations

3.2.1 Forecasting Reference Group

The FBPG encourage AEMO to develop its forecasts in a way that provides stakeholders with as much opportunity to engage as is practicable, through effective consultation and access to documents and information. AEMO uses a number of methods to achieve this.

A key method of stakeholder engagement relevant to the Forecasting Approach is the use of the FRG. AEMO engages with this open forum to share preliminary forecasts and key insights on such items as forecasting components, aggregated electricity consumption forecasts, and draft maximum and minimum demand forecasts for each NEM region.

While the forum is not a decision-making body, it does provide an avenue for stakeholder feedback where more formal consultation engagement is not required. FRG meetings were an instrumental component of the development of the 2026 NEM ESOO and reliability forecast, where AEMO and its consultants presented preliminary inputs and assumptions, listened to and incorporated feedback from FRG members.

Components of the 2026 NEM ESOO and reliability forecast taken to the FRG included:

- FRG Consultation on the Forecast Improvement Plan and proposed changes to forecasting processes on 23 March 2026,

- FRG Consultation on the Draft ESOO consumption forecasts, including the data centre component forecasts on 13 May 2026, and
- FRG Consultation on the draft ESOO maximum demand forecasts, as well as Demand Side Participation, Generator Outage Rates and Energy Limit forecasts, on 15 June 2026.

FRG meeting materials are published on AEMO's website⁸ and provided to registered FRG stakeholders prior to each FRG meeting. AEMO will typically structure FRG meetings to allow equal time for presentations and questions, which enables stakeholders to meaningfully engage in the topics presented and have their questions answered by AEMO or its consultants.

To monitor the effectiveness of the FRG, AEMO invites participants to respond to a survey at the conclusion of each meeting, asking for a rating of between 1 (not useful) and 10 (very useful) for each FRG presentation, as well as asking for written feedback on the content and engagement at the FRG. The average presentation usefulness rating for responses received in financial year 2025-26 was approximately 88% from 64 responses received, indicating that stakeholders who provided responses found the sessions very useful.

The FRG is therefore a key activity that AEMO undertakes to ensure it has had regard to a number of the binding considerations, particularly those that cover stakeholder consultation and engagement and making information available.

3.2.2 Webinars

AEMO's webinars provide stakeholders the opportunity to provide their feedback on forecasting components or publications, always with time allocated for questions and answers in the webinar's agenda. These Q&A sessions provide AEMO with valuable insights that it may incorporate into its forecasting processes and publications. This addresses a number of binding considerations around information disclosure, stakeholder consultation and engagement and the different engagement models AEMO can use.

3.2.3 Panels, working groups, meetings and workshops

AEMO convenes a number of panels, working groups, meetings and workshops which provide other avenues for stakeholders to engage with AEMO on its forecasts. These include:

- The ISP Consumer Panel has been established in accordance with the NER to bring a consumer-focused perspective to the ISP development process. AEMO engages with the ISP Consumer Panel on a continuous and ongoing basis, seeking advice and input on matters of both substance and process regarding the ISP. Such engagement supports the Panel's timely consideration of issues and feedback to AEMO, allowing for AEMO's approach to be adjusted where appropriate. The ISP Consumer Panel provides public reports to AEMO on the IASR and Draft ISP, which AEMO must have regard to when developing the ISP.
- The Executive Joint Planning Committee (EJPC) coordinates effective collaboration and consultation between jurisdictional transmission planning bodies (for example, transmission network service providers) and AEMO on electricity transmission network planning issues. A sub-committee for more technical collaboration is provided by the Joint Planning Committee, which reports to the EJPC.

⁸ At <https://aemo.com.au/en/consultations/industry-forums-and-working-groups/list-of-industry-forums-and-working-groups/forecasting-reference-group-frg>.

- At the distribution network level, AEMO continued engaging with a working group with distribution network service providers to discuss issues pertaining to the ISP and how those issues may impact electricity distribution networks.
- AEMO established the Consumer and Community Reference Group to better understand broader community sentiment, execution challenges and possible opportunities presented by the construction of new energy infrastructure. The role of the Reference Group includes providing input for consideration in preparing the ISP.
- Monthly meetings between AEMO and the AER discuss topics such as the IASR, ISP, ESOO and FBPG. AEMO prepares and shares minutes from these meetings and maintains a list of any actions arising, as well as a list of current AEMO consultations and engagements, to ensure the AER is aware of prevailing opportunities for stakeholder engagement.
- Meetings with various other stakeholders⁹ are held as relevant, and allowed for, under consultation processes that AEMO undertakes.

AEMO also hosts a Technical Demand Forecasting workshop each year. This workshop gathers together technical experts from forecasting teams across many energy industry organisations, including AEMO, network service providers, government agencies and research institutions. The focus of the workshop is to present and collaborate on forecast models, methodologies, inputs and other areas of interest to those stakeholders who are involved in the technical aspects of forecasting.

These forums are another avenue for AEMO's stakeholders – particularly those with detailed technical knowledge of forecasting and its implications – to be engaged in AEMO's forecasting activities. They also provide a means for knowledge sharing for forecasting peers that will inform and improve AEMO's forecasting approach on a regular basis.

3.2.4 Reflecting stakeholder feedback

AEMO demonstrated how it had incorporated feedback received on the various consultations which were applied in the 2026 NEM ESOO by publishing:

- a consultation summary report¹⁰ for its 2026 *Forecasting Assumptions Update*, which addressed feedback received on the Draft 2026 *Forecasting Assumptions Update*¹¹ and the FRG Consultations referred to in Section 3.2.1 of this compliance report, and
- a final report on the 2025 Forecast Improvement Plan¹², which addressed feedback received on the Draft 2025 FAR and draft 2025 Forecast Improvement Plan (refer Section 3.2.7).

These reports summarised the feedback received from stakeholders in their submissions (where they were not confidential) and how AEMO responded to and/or incorporated that feedback.

By publishing reports that specifically address how AEMO has responded to stakeholder feedback, AEMO demonstrates to stakeholders:

- that their views have been considered, and
- whether those views have led to a change in AEMO's approach, inputs, assumptions and/or scenarios.

⁹ For example, government departments and agencies, large customers, industry bodies, and research agencies.

¹⁰ At https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2025/draft-2026-fau/final/2026-forecasting-assumptions-update-consultation-summary-report.pdf.

¹¹ At <https://www.aemo.com.au/consultations/current-and-closed-consultations/draft-2026-forecasting-assumptions-update>.

¹² At <https://www.aemo.com.au/consultations/current-and-closed-consultations/2025-forecast-improvement-plan-consultation>.

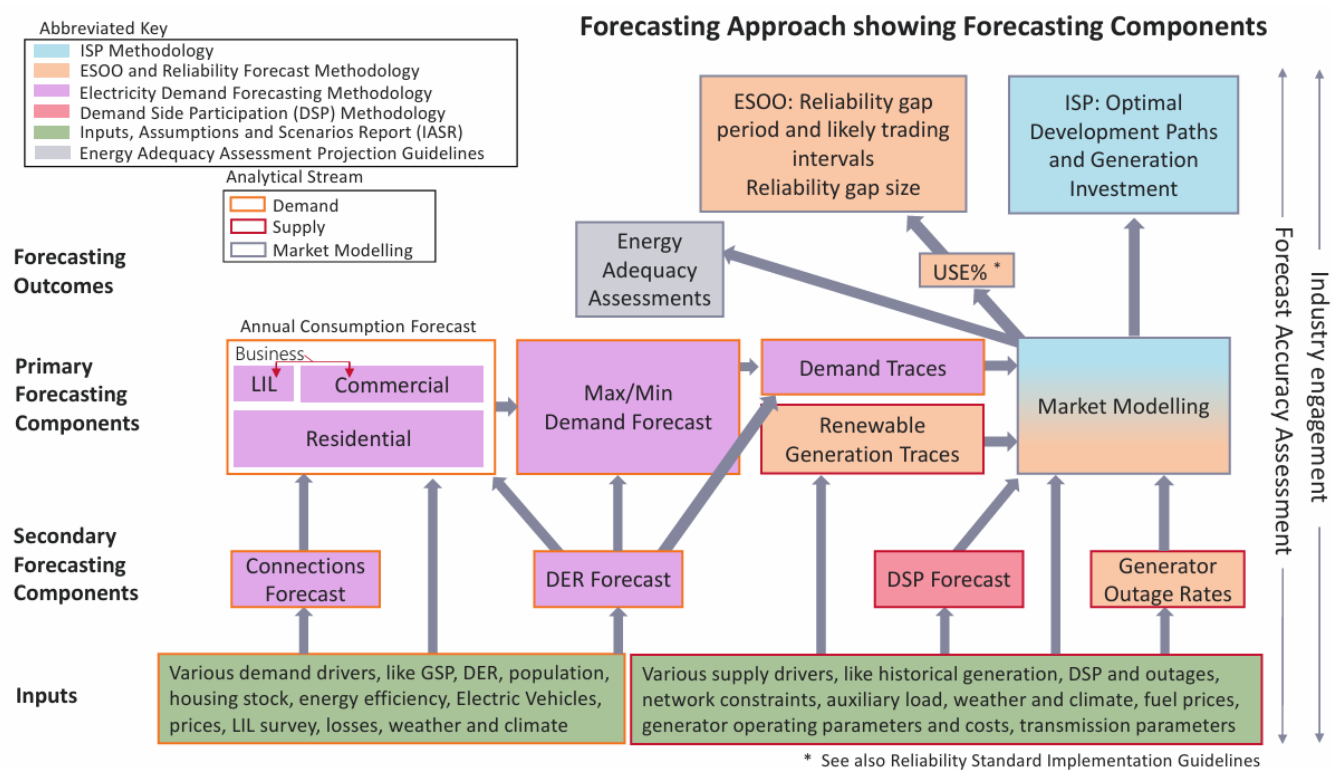
3.2.5 Forecasting Approach

As noted in Section 2.1, AEMO publishes its Forecasting Approach on its website, providing a high level overview of its Forecasting Approach (depicted in Figure 2 below).

Figure 2 provides an easy-to-follow overview of the forecasting components developed for the Forecasting Approach; to provide the transparency required by the FBPG, AEMO on its Forecasting Approach page¹³ accompanies this figure with a list of the key elements in its Forecasting Approach. This list provides links to the documents in question (such as methodologies, guidelines), and links to the most recent consultation regarding those forecasting elements.

These methodologies and consultation pages set out how the Forecasting Approach has been developed, including the inputs, outputs and limitations of the models, as well as how the Forecasting Approach has benefited from extensive stakeholder engagement. As noted above, this stakeholder engagement takes many forms (including FRG, webinars, and working groups) and always embeds ample time for discussion and questions and answers, so stakeholders may meaningfully engage with the Forecasting Approach.

Figure 2 AEMO's Forecasting Approach



Furthermore, the Forecasting Approach is subject to regular analysis and scrutiny via the FAR, discussed in Section 3.2.7.

In the 2026 NEM ESOO, AEMO implemented methodological improvements to its reliability modelling, including the implementation of planned and maintenance outages and the application of energy limits. These changes were identified and consulted with stakeholders through the 2025 Forecast Improvement Plan. These changes were also presented to the FRG on 15 June 2026.

¹³ At <https://aemo.com.au/energy-systems/electricity/national-electricity-market-nem/nem-forecasting-and-planning/forecasting-approach>.

These improvements were incorporated into the *ESOO and Reliability Forecast Methodology Document* and applied to the approach taken in preparing the 2026 NEM ESOO.

In contrast, the *Reliability Standard Implementation Guidelines* (RSIG) state that reliability modelling does not include planned outages. Under the *Reliability Forecasting Guidelines* (RFG), the ESOO forecasts are to be “in accordance with” the RSIG. As RSIG amendments require application of the NER consultation procedures (which includes two rounds of consultation, each of a minimum of 20 business days, and include time for AEMO to prepare responses) there was insufficient time to consult on RSIG amendments consistent with the FRG feedback from early 2026 before ESOO modelling was underway or finalised.

AEMO will consult on revisions to the RSIG and other elements of the Forecasting Approach to include these improvements, with consultation planned to commence in late 2026. As part of this process, stakeholder feedback may reflect on the subsequent appropriateness of the approach, previously consulted on in the 2025 Forecast Improvement Plan, in light of insights in the 2026 NEM ESOO. AEMO will consider stakeholder feedback to this consultation process on the RSIG, and will apply the determined approach in the 2027 NEM ESOO.

3.2.6 Publication of methodologies, inputs, assumptions and scenarios

As noted above, the Forecasting Approach page contains links to all relevant methodologies, guidelines and reports which comprise AEMO’s Forecasting Approach. With specific reference to the AER’s expectations as set out in the binding considerations, these links provide stakeholders with access to:

- the IASR, which specifically sets out the scenarios and key sensitivities that AEMO will use for its planning activities, and sets out how the scenarios, inputs and assumptions have had regard to the *Cost Benefit Analysis Guidelines* (CBA Guidelines) for the ISP – the IASR also includes the data sources used in preparing the inputs and assumptions, including the date at which the data source was current, and the IASR assumptions workbook, which provides granular detail of the inputs and assumptions for each scenario,
- the electricity demand forecasting methodology, which sets out the methodologies underpinning AEMO’s component-based forecasting approach, and
- the *ISP Methodology*, which explains how AEMO has regard to the CBA Guidelines in developing the methodology.

AEMO also maintains the forecasting data portal¹⁴, which provides users with a dynamic interface in which they can view AEMO’s electricity and gas consumption, maximum and minimum demand forecasts from existing and previous publications at various levels of granularity.

The publication of this data demonstrates that AEMO has had regard to a number of binding considerations with respect to disclosure of data, development of scenarios, component-based forecasting, application of the CBA Guidelines, and stakeholder engagement.

¹⁴ At <http://forecasting.aemo.com.au/>.

3.2.7 Publication of Forecasting Accuracy Report and Forecast Improvement Plan

AEMO annually reviews the accuracy of its prior year forecasts. The 2025 FAR, published in December 2025¹⁵, identified that most forecast components performed as expected, or were explainable by inaccuracies in the relevant inputs and assumptions.

The 2025 FAR also incorporated the Forecast Improvement Plan that provides transparency of AEMO's proposed improvements to forecasting for the year ahead. AEMO began consulting on the Forecast Improvement Plan in the 26 November 2025 FRG meeting, before including the draft Forecast Improvement Plan in the FAR. In that FAR, AEMO invited stakeholders to provide written submissions on the Forecast Improvement Plan by 6 February 2026. AEMO considered the feedback received, and set out how it had considered and addressed that feedback in its final report on the 2025 Forecast Improvement Plan, published in March 2026.

The FAR and Forecast Improvement Plan, together with the internal systems and processes which are associated with them, meet the binding considerations to report on AEMO's forecast performance, as well as contributing to efforts to verify the results of the forecasting approach.

3.2.8 Publication of the Update to the 2025 ESOO

Subsequent to the publication of the 2025 ESOO for the NEM, significant new relevant information became available to AEMO. In accordance with NER 3.13.3A(b), AEMO published an update to the 2025 ESOO in October 2025¹⁶ which incorporated changes to the closure dates of Torrens Island B and Gladstone power stations. The *October 2025 Update to the 2025 Electricity Statement of Opportunities* clearly set out the changes and their impact on the previously published ESOO.

By publishing this update, AEMO ensured that its reliability forecast was using the most accurate and relevant data available, which is required under the NER, and is a binding consideration under the FBPG.

Section 2.3 of the FBPG notes that, when updating a reliability forecast out of cycle, AEMO should consider whether it is appropriate to run the single stage process in Appendix B of the FBPG¹⁷. When providing the reliability forecast in the *October 2025 Update to the 2025 Electricity Statement of Opportunities*, AEMO had regard to section 5.2.3 of its Reliability Forecast Guidelines, which sets out how AEMO balances industry engagement with the speed with which it can provide an update. The new information to the 2025 ESOO related to well understood drivers, which could not be informed or potentially improved by the types of alternative views or opinions that may be provided by stakeholders on changes to other inputs or assumptions (e.g. demand forecasts). AEMO therefore followed section 5.2.3(a) of the Reliability Forecast Guidelines and issued the updated reliability forecast without running a consultation process under Appendix B of the FBPG.

3.2.9 Summary

AEMO has:

- undertaken extensive stakeholder engagement, throughout the year and across multiple approaches (for example, meetings, workshops, webinars, and publications),

¹⁵ At https://www.aemo.com.au/-/media/files/electricity/nem/planning_and_forecasting/accuracy-report/2025-forecast-accuracy-report.pdf

¹⁶ See https://www.aemo.com.au/-/media/files/electricity/nem/planning_and_forecasting/nem_esoo/2025/october-2025-update-to-the-2025-esoo.pdf.

- provided multiple avenues for stakeholders to provide feedback (including written submissions, Q&A time, meetings, and workshops),
- demonstrated how feedback received from stakeholders has been incorporated into AEMO's Forecasting Approach (for example, through consultation summary reports and the Forecast Improvement Plan),
- published extensive documentation and data on the inputs, assumptions, scenarios and sensitivities that will be used when developing the reliability forecast,
- clearly set out its Forecasting Approach, from the overview level down to the specific methodologies used when for the various components that make up AEMO's forecasts,
- continually monitored its forecast performance, through the annual FAR and Forecast Improvement Plan, and
- updated its reliability forecast in the 2025 ESOO when significant new information became available.

Collectively, these activities demonstrate that AEMO has had regard to the binding considerations in the FBPG, and complied with the relevant binding requirements, when preparing the 2026 NEM ESOO and the associated reliability forecast.

A1. List of binding requirements and binding considerations

Table 1 List of binding requirements in the FBPG as they relate to the 2026 NEM ESOO¹⁸

Section – Area	Requirement	Section(s) in which AEMO's compliance is discussed
2.1 – Forecasting Approach consultation	AEMO is required to: - make its Forecasting Approach and associated review schedule clearly available on its website, and - follow the forecasting best practice consultation procedures in Appendix A every four years to review its Forecasting Approach (or more frequently if a material change in circumstances justifies an earlier review). If a material change in circumstances within the four-yearly review cycle only affects a discrete component of AEMO's Forecasting Approach, AEMO is required to apply the shorter single stage process in Appendix B to review the component.	Section 2.1

Table 2 List of binding considerations in the FBPG as they relate to the 2026 NEM ESOO

Section – Area	Consideration	Section(s) in which AEMO's compliance is discussed
4 – Best practice forecasts	AEMO must have regard to the three principles in NER 4A.B.5(b) when developing its forecasting practices and processes, which are relevant to the ISP, reliability forecasts, and AEMO's forecasts in general. To achieve this, AEMO must consider incorporating the following factors as part of its forecasting practices and principles: - publish all key elements of its Forecasting Approach (as set out in Section 4.1 of the FBPG), - facilitate stakeholder engagement, - apply the CBA Guidelines when selecting reasonable inputs and assumptions, - use a component-based methodology and identify critical inputs/assumptions driving forecasts, - consider a range of forecast outcomes to take into account different future scenarios and identify the key parameters for sensitivity analysis, - apply the CBA Guidelines when developing scenarios, and publish information on the construction of the scenarios to clarify how these feed into the ISP outcomes, - specify how it will use and disclose data, including how it will use the most accurate and relevant data available, and how it will handle confidential data, and - examine and report on its historical forecast performance.	Section 2.1 Section 3.2.1 Section 3.2.2 Section 3.2.3 Section 3.2.4 Section 3.2.5 Section 3.2.6 Section 3.2.7
4.1 – Details for the Forecasting Approach	When developing its Forecasting Approach, AEMO must consider how it can best explain and present its: - suite of models for to use, - approaches to determining modelling inputs, incorporating/publishing data, reporting uncertainties around forecasts, incorporating exogenous factors, and representing resource/network constraints affecting energy delivery, - method for allowing stakeholders to engage with the results of the analytical stream, and - internal process for verifying its approach and results.	Section 2.1 Section 2.2 Section 3.2.1 Section 3.2.3 Section 3.2.4 Section 3.2.5 Section 3.2.6 Section 3.2.7

¹⁸ The requirements and considerations set out in this Appendix are a summary of the full obligations that are set out in the Forecasting Best Practice Guidelines which are available at <https://www.aer.gov.au/industry/registers/resources/guidelines/forecasting-best-practice-guidelines>