

28 August 2025

Ms Dora Guzeleva  
Director, Wholesale Markets  
Energy Policy WA  
Email: [energymarkets@deed.wa.gov.au](mailto:energymarkets@deed.wa.gov.au)

Dear Ms Guzeleva,

### **Consultation Paper – Operational Forecasting Review**

The Australian Energy Market Operator (AEMO) welcomes the opportunity to provide a submission on Energy Policy WA's Consultation Paper – Operational Forecasting Review (the Review).

AEMO has collaborated extensively with Energy Policy WA on this Review and looks forward to continuing to work together and with industry on the implementation of the proposals. Accurate operational forecasting is an important part of maintaining grid stability and balancing supply and demand, with forecast quality impacting market outcomes. AEMO is generally supportive of the proposals outlined in the Consultation Paper and has provided some additional commentary below.

### **Consultation Paper Proposals**

#### *Blending parameters and collaboration with weather providers*

In parallel to the Review, AEMO has initiated an internal Project to uplift AEMO's operational forecasting capabilities, which includes several initiatives aligned with Energy Policy WA's proposals. This project aims to strengthen short-term operational forecasting in the Wholesale Electricity Market (WEM) to ensure AEMO is better equipped to effectively operate a system which features increasing levels of distributed PV, batteries, and intermittent generation. AEMO considers this project will significantly contribute to achieving the objectives of these Review recommendations. Current work includes improvements to its blending windows, enhancements with weather providers and an assessment of the costs and benefits of providing nowcasts (short-term forecasts from now until 3-6 hours afterwards).

#### *Enhancing documentation and improving metrics*

AEMO supports the proposal to enhance documentation and improve key metrics for forecasting. This will improve transparency and provide opportunities to monitor key forecasting metrics and refine them as needed. AEMO will continue to work with EPWA and industry to develop the appropriate obligations and metrics. AEMO is also considering how it may leverage metrics being developed as part of its Integrating Price Responsive Resources project in the National Electricity Market (NEM).


#### *Incentivising accurate generation forecasts*

In principle, AEMO supports the proposal to produce centralised forecasts for the WEM. AEMO notes that the implementation of centralised intermittent generation forecasting in the NEM has resulted in greater forecast accuracy, qualitative improvements in AEMO's forecasts and has incentivised Market Participants to self-

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forecast. This has enabled Market Participants to better understand their availability and reduce their exposure to Frequency Control Ancillary Services (FCAS) payments.

Accurate intermittent generation forecasts are going to become increasingly important as the SWIS transitions. Precise information on hybrid facilities and Non-Scheduled Facilities will be essential for maintaining centralised forecasts. AEMO acknowledges that the implementation of this proposal would require uplifts to systems, technology, and processes which will have associated costs for AEMO and Market Participants. It is crucial to implement this proposal as cost effectively as possible to ensure that the benefits are realised.

If this proposal is progressed, AEMO considers this project would likely be determined a major project (after the EPWA has published the draft Amending Electricity System and Market (ESM) Rules for consultation). This would provide an opportunity for industry to consider the associated implementation assessment and provide feedback through AEMO's Major Projects Working Group. As part of the development of an implementation assessment, AEMO would also consider how it can leverage the systems developed for NEM, to develop the most cost-effective option for implementation in the WEM.

#### *Formalising large load information provision*

AEMO currently receives self-forecasts from large loads on a voluntary basis and notes there would be benefits to formalising the provision of information, including for its use in constraint equations.

#### **Importance of Distributed Energy Resources forecasting**

AEMO is supportive of improvements to Distributed Energy Resource (DER) forecasting. As DER continues to scale in the South-West Interconnected System and VPP products and services become more prevalent in the WEM, it is increasingly important to understand DER behaviour. As VPPs scale and the use cases of DER evolve, AEMO will also need to gain greater visibility of VPP response to ensure it can contribute to power system security and reliability. AEMO will continue to work on this with EPWA, industry, and Project Partners as part of Project Jupiter.

#### **Closing remarks**

AEMO looks forward to continuing to work with EPWA and industry on the next stage of the Operational Forecasting Review and the development of any draft ESM Rules.

If you would like to discuss any matters raised in this submission, please contact Sarah Graham, A/Manager Regulatory Affairs at [sarah.graham@aemo.com.au](mailto:sarah.graham@aemo.com.au).

Yours sincerely,



Kirsten Rose

**Executive General Manager – Western Australia**