

Reduced energy demand forecast for Australia

Increased rooftop PV uptake is among the reasons for a reduction in forecast energy demand for 2011-2012, says the Australian Energy Market Operator (AEMO).



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Among the functions performed by the AEMO are management of the [National Electricity Market](#) and the Victorian gas transmission network, overseeing of retail markets in eastern and southern Australia, and national electricity-transmission planning.

According to the [AEMO 2012 National Electricity Forecasting Report](#):

1. demand for energy in 2011-2012 will be 2.4 per cent lower than 2010-2011
2. there will be no growth in demand for energy in 2012-13. However, maximum demand forecasts are expected to continue to grow into the future
3. average growth in annual energy demand for the 10-year period (2012-2022) is forecast to be 1.7 per cent, down

from the 2.3 per cent forecasted by the AEMO last year for this period

4. growth in annual energy consumption is strongly linked to large industrial projects in Queensland, most notably coal seam gas developments.

According to the report, the main factors influencing these changes are:

1. changes in the economic outlook. Reduced energy forecasts are consistent with a moderation in gross domestic product, especially in the short term
2. reduced manufacturing consumption in response to the high Australian dollar. An expected increase in cheaper imports is anticipated to impact domestic manufacturing growth
3. significant penetration of rooftop PV systems. The impact of rooftop PV installations is expected to partially offset the need for increased electricity generation. By 2021-22, this is forecast to increase to 7,558 GWh or 3.4 per cent of annual energy demand
4. consumer response (commercial and residential) to rising electricity costs and energy efficiency measures.

The report canvasses future implications of changed demand conditions. These implications include:

1. structural change in the Australian economy – acceleration in the mining sector in the northern states together with a decline in manufacturing in Victoria, South Australia and Tasmania – is having disparate impacts, particularly in the wake of the global financial crisis
2. lower than forecast annual energy for 2011-12 under a ‘medium’ economic growth scenario points to a likely delay in the need for new generation investment including the potential for a reduction in significant large-scale investment.

Source: Australian Energy Market Operator

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