

11 June 2020

2020 ISP June Progress Update - REZ Development

Dear Stakeholders,

Since our [latest ISP progress update](#), AEMO has been working to incorporate stakeholder feedback from our consultation program into modelling for the Final 2020 ISP.

During our consultation on the Draft 2020 ISP, there was significant interest in Renewable Energy Zones (REZs). While AEMO hosted a [stakeholder webinar](#) on REZs in August 2019, this update aims to provide further clarity on REZs, including how they are created and selected, and how they progress through the development stages.

The attached diagram outlines the current process. It is important to note the distinction between the network planning activities, carried out by AEMO, the other market bodies and the TNSPs, and the generation and storage development projects, which are carried out by private developers.

The purpose of the ISP considering REZs is to better integrate and coordinate the development of the large amounts of renewable energy and storage projected by the ISP with the development of the rest of the grid and power system.

The ISP identifies multiple potential REZ locations and ranks them according to their optimal timing within the plan. This is determined by analysis which considers developer interest, resource quality, network characteristics, land cover and suitability, demand matching and population density. Any potential REZ locations that are identified within the overall integrated plan as requiring action in the coming 2 years will be designated as Actionable ISP Projects and progress through regulatory approval (the RIT-T).

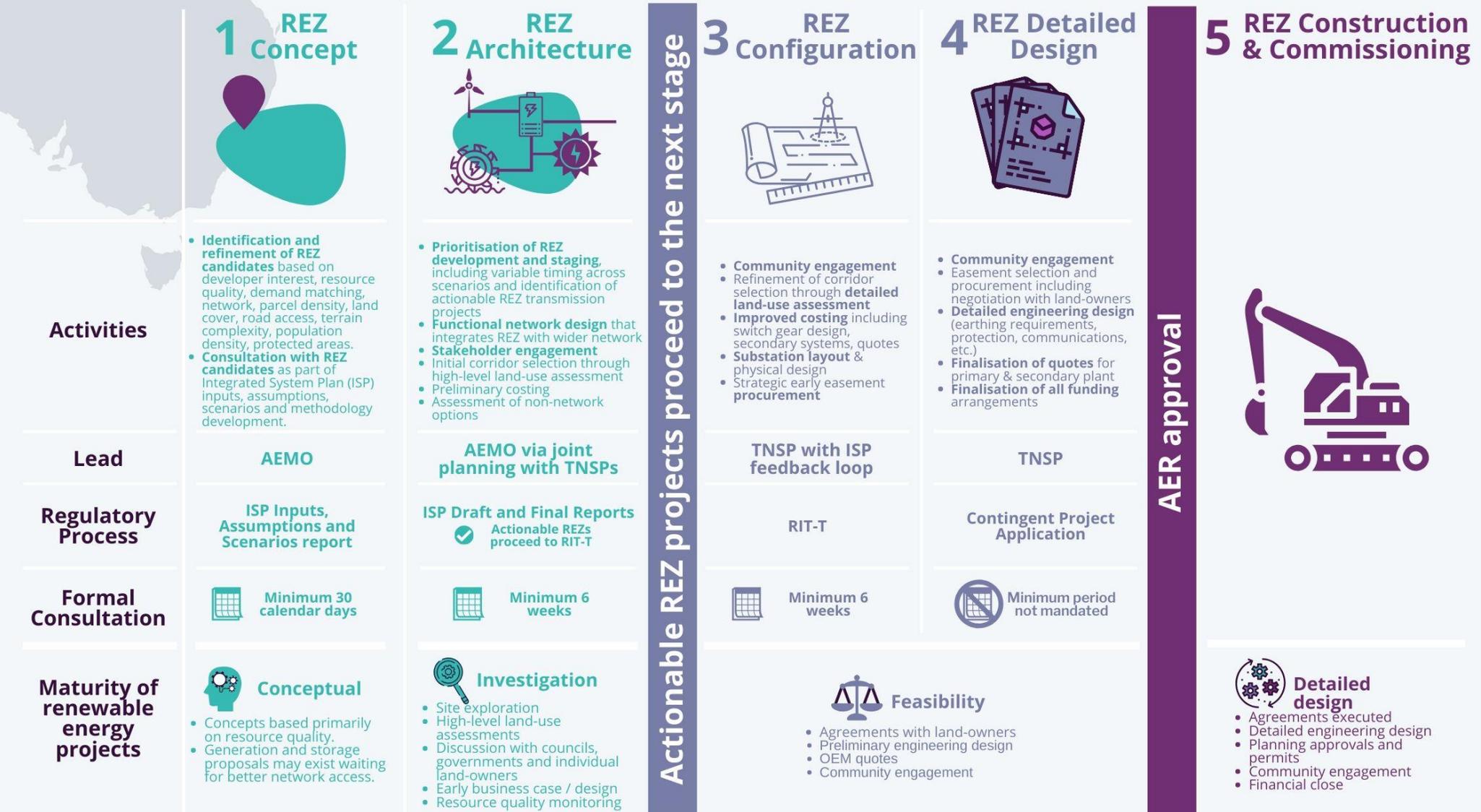
At times, governments or other private parties may wish to accelerate development of the network components of a REZ that are not currently actionable under the ISP (but are expected to become actionable in the future). The Energy Security Board (ESB), together with the other market bodies including AEMO, is currently working on a new set of rules (the Interim REZ Framework), which will outline potential funding mechanisms for REZ development in the period prior to finalisation of the CoGaTI review. In this case the process may differ from that shown in the diagram. In the coming weeks, the ESB is planning to issue further detail of this process, including opportunities for stakeholder consultation, along with the potential addition of a REZ Design Report stage. Further information on the ESB process can be found [here](#).

Regards,

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Stages in the life of a Renewable Energy Zone (REZ)

Current approach (June 2020)



Actionable REZ projects proceed to the next stage

AER approval