

# Update to the 2020 Integrated System Plan (ISP)



10 December 2021

AEMO publishes this ISP update in accordance with clause 5.22.15 of the National Electricity Rules (Rules).

## The Draft 2022 ISP is an update to the 2020 ISP

AEMO's ISP establishes a whole-of-system plan for the efficient development of the power system. This ISP update is published to update the optimal development path (ODP) identified in the 2020 ISP<sup>1</sup> with the ODP identified in the Draft 2022 ISP<sup>2</sup>, published 10 December 2021.

## This ISP update is needed to allow the latest inputs to be considered in feedback loops

Transmission Network Service Providers (TNSPs) are required to assess actionable components of the ISP through the Regulatory Investment Test for Transmission<sup>3</sup> (RIT-T). Following completion of the RIT-T, a TNSP may seek written confirmation from AEMO that the preferred option from the RIT-T remains aligned with the ODP in the most recent ISP.<sup>4</sup> This process is referred to as the "feedback loop".

The pace and scale of the energy transformation has resulted in significant changes to the inputs, assumptions and scenarios used in the most recent ISP (i.e. the 2020 ISP<sup>5</sup>) compared with those used in the Draft 2022 ISP<sup>6</sup>. The Draft 2022 ISP assesses the impact of these changes on actionable ISP projects.

Marinus Link<sup>7</sup> and HumeLink<sup>8</sup> have been assessed under the RIT-T, and feedback loop assessments could be requested prior to finalisation of the 2022 ISP. By issuing this ISP update, AEMO enables any potential feedback loop request to be assessed against the Draft 2022 ISP rather than the 2020 ISP. This will allow AEMO's potential feedback loop decisions to:

- assess individual project stages for staged actionable ISP projects identified in the Draft 2022 ISP, and
- be based on the latest inputs, assumptions and scenarios set out in the 2021 Inputs Assumptions and Scenarios Report (IASR), as updated.

## Three elements of the 2020 ISP are updated by the Draft 2022 ISP

The Rules require an ISP update to include a description of the new information requiring the update and the impact of that new information on the ODP.<sup>9</sup> As outlined above, the cumulative effect of the significant changes to the inputs, assumptions and scenarios set out in the 2021 IASR is the new information requiring an update of the ISP. The impact of that new information on the ODP is discussed in detail within Part C of the Draft 2022 ISP.

This ISP update modifies the 2020 ISP as follows:

1. The ODP, including all actionable ISP projects and future ISP projects, from the 2020 ISP is replaced with the ODP as set out in the Draft 2022 ISP.

<sup>1</sup> AEMO, *2020 Integrated System Plan*, available at <https://aemo.com.au/en/energy-systems/major-publications/integrated-system-plan-isp/2020-integrated-system-plan-isp>.

<sup>2</sup> AEMO, *Draft 2022 Integrated System Plan*, available at <https://aemo.com.au/energy-systems/major-publications/integrated-system-plan-isp/2022-integrated-system-plan-isp>.

<sup>3</sup> The RIT-T process is a regulatory mechanism that applies an economic cost-benefit test on new transmission electricity infrastructure proposed for the National Electricity Market (NEM). It is designed to identify the most economically efficient infrastructure investment option, so the investment meets the long-term needs of consumers.

<sup>4</sup> Clause 5.22.15(b) of the Rules. Prior to this ISP update, the most recent ISP was the 2020 ISP.

<sup>5</sup> 2020 ISP outcomes were based on inputs, assumptions and scenarios set out in the 2019 Forecasting and Planning Scenarios, Inputs and Assumptions report, available at <https://aemo.com.au/energy-systems/major-publications/integrated-system-plan-isp/2020-integrated-system-plan-isp/2020-isp-inputs-and-assumptions>.

<sup>6</sup> AEMO, *2021 Inputs, Assumptions and Scenarios Report*, available at <https://aemo.com.au/en/energy-systems/major-publications/integrated-system-plan-isp/2022-integrated-system-plan-isp/current-inputs-assumptions-and-scenarios>. An addendum to the IASR was published on 10 December 2021, and is available at the same location.

<sup>7</sup> TasNetworks, *Marinus Link RIT-T*, available at <https://www.marinuslink.com.au/rit-t-process/>.

<sup>8</sup> TransGrid, *HumeLink RIT-T*, available at <https://www.transgrid.com.au/projects-innovation/humelink#RIT-T-process-and-submissions>.

<sup>9</sup> Clause 5.22.15(d) of the Rules.

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2. The date by which the Project Assessment Draft Report (PADR) for VNI West must be published is extended to 31 August 2022 to enable PADR modelling.<sup>10</sup>
3. The ISP scenarios and scenario weightings assigned to the VNI West RIT-T are those set out in the Draft 2022 ISP.

## Extensive consultation has been completed in preparing the Draft 2022 ISP

Having established that an ISP update was needed, AEMO consulted with the AER to develop a workable process to update the 2020 ISP in a timely way to allow assessment of feedback loops based on the latest inputs, assumptions and scenarios.

There was extensive consultation carried out to prepare the 2021 IASR and ISP Methodology, which form the most recent information base on which both the ISP update and the Draft 2022 ISP have been prepared<sup>11</sup>. Further consultation and processes would not substantially improve an ISP update separate to the development of the Draft 2022 ISP.

## This ISP update is effective immediately

This ISP update is effective from 10 December 2021 – the publication date of the Draft 2022 ISP. The 2022 ISP will be finalised by 30 June 2022.<sup>12</sup>

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<sup>10</sup> The 2020 ISP required a Project Assessment Draft Report (PADR) for VNI West to be published by March 2021. On 12 March 2021, the AER granted AEMO and TransGrid an extension of time under clause 5.16A.4(c) of the Rules to publish the PADR by 10 December 2021.

<sup>11</sup> Clause 5.22.15(c) of the Rules specifies that an ISP update requires consultation.

<sup>12</sup> The 2022 ISP Timetable provides publication dates and the timing of key milestones in the 2022 ISP development process as is updated in accordance with clause 5.22.4 of the Rules. See <https://aemo.com.au/-/media/files/major-publications/isp/2021/2022-isp-timetable.pdf?la=en>.