

9 February 2022

RE: The Australian Energy Market Operator (AEMO) Draft 2022 Integrated System Plan

The Australian Conservation Foundation (ACF) welcomes the opportunity to comment on AEMO's Draft 2022 Integrated System Plan.

### **Introduction**

ACF is Australia's national environment organisation. We are 700,000 people who speak out for the air we breathe, the water we drink, and the places and wildlife we love. We are proudly independent, non-partisan and funded by donations from our community.

ACF believes Australia and the world face an unprecedented climate and mass extinction crisis caused first and foremost by digging up and burning fossil fuels like coal, oil, and gas.

Australia needs a national approach to reduce climate emissions in line with the science-based temperature goals that Australia committed to under the Paris Agreement.

Transitioning Australia's electricity sector to a clean, renewable energy-based system is a critical element of Australia's transition to net zero emissions and economy-wide action on climate change.

AEMO's Integrated System Plan (ISP) provides a key roadmap to help inform and prioritise necessary investment and ensure a smooth transition to a clean energy system in Australia.

The ACF is very supportive of AEMO's efforts related to the ISP including forecasting and planning and consulting widely on inputs and assumptions.

### **Summary of recommendations**

ACF broadly supports the rapid transition to renewable power outlined in optimal development path, with the following comments.

1. The shift to renewable energy and away from fossil fuels should be fast-tracked



While the Draft 2022 ISP indicates the majority of coal power would close in the Step Change scenario by 2032, ACF recommends this shift be fast-tracked and gas power minimised.

At a minimum coal and gas closures should be brought forward to align with the IEA's Net Zero by 2050 report which sees "by 2030 the phase out of unabated coal in advanced economies" with the complete decarbonisation of the electricity sector for advanced economies by 2035.

#### Post 2025 NEM Reforms

2. ACF encourages AEMO to ensure that NEM reform does not progress without strong emissions reduction objectives.

The advanced age, growing unreliability, and increasing uncompetitiveness of Australia's coal-fired power fleet makes early coal closure almost inevitable. However, proposed 'post 2025 NEM reforms', which include development of a capacity mechanism, risk artificially propping up coal power and keeping dirty, unreliable energy in the system. This could partially undermine achievement of the Step Change scenario and optimal development pathway.

The new generation capacity needed in the NEM will not be supported by government intervention through a capacity mechanism that creates unnecessary uncertainty and investor risk. Commitment to strong, durable climate and energy policy would provide a more certain signal to investors.

3. Bring forward transmission investments to unlock new Renewable Energy Zones faster

ACF supports AEMO's prioritising of network investments, through Renewable Energy Zones, designed to unlock new renewable energy resources.

ACF supports governments, electricity regulators and companies to bring forward actionable and future network investments. Doing so would avoid the risk of building expensive, polluting, new gas power stations (illustrated in Figure 27), which would be inconsistent with Australia's commitments under the Paris Agreement and likely result in stranded assets.

4. Encourage state and territory governments to lead strategic planning and community engagement on network investments



ACF supports a coordinated approach to new wind and solar power and transmission, guided by AEMO's ISP, and agrees that social licence and community engagement will be crucial along with assessing, avoiding, minimising and managing environmental, social and heritage impacts.

The Draft 2022 ISP indicates that 10,000 km of new transmission lines will be required. It's been decades since Australia last built transmission line projects on this scale. Doing so will require strong coordination between state and federal governments, energy market bodies, regulators, and transmission companies. Planning processes must involve a greater role for regional communities and First Nations groups.

Communities hosting new wind and solar power plants or new transmission lines must be involved in planning to ensure local impacts are minimised and genuine benefits achieved. These processes must uphold stringent standards of biodiversity protection and environmental impact mitigation. Proponents have a responsibility to ensure that the people who are directly impacted including Traditional Owner groups and local environmental groups are active participants in the planning process.

In addition to project-specific engagement processes, there is a broader need for governments to communicate with the community about the benefits of the rollout of new wind and solar power and transmission lines outlined in the Draft 2022 ISP.

Governments (together with AEMO) should undertake pro-active strategic planning and engagement for the roll out of renewable energy zones and transmission lines as identified in AEMO's ISP. This is crucial as individual project planning processes cannot adequately address cumulative impacts. Strategic planning should consider and assess significant land uses, productive agricultural land, natural habitats, community facilities and social impacts, cultural heritage values and sites inside each Renewable Energy Zones and identify areas unsuitable for renewable energy or associated development in consultation with stakeholders.

Governments should also support and fund Traditional Owners to undertake strategic assessment of significant cultural heritage values and sites on their Country as part of this work, to ensure heritage is protected.

State governments (together with AEMO) should lead community engagement efforts on identified transmission lines and Renewable Energy Zones, explaining cumulative impacts and benefits upfront to the community.



State governments should produce or update guidelines to clarify expectations for all new developments, including avoiding and minimising impacts, and ensuring engagement and benefit sharing.

Government and renewable energy developers should partner with First Nations people to adhere to the best practice guidelines set out by the Centre for Aboriginal Economic Policy Research at the Australian National University. This includes ensuring that First Nations consent to developments is free, prior and informed; impacts to significant cultural and heritage values are avoided; and First Nations workers have the skills, training and opportunity to participate.

#### 5. Plan ahead for a just transition for coal and gas workers and their communities

The Draft 2022 ISP indicates all brown coal power and over two-thirds of black coal generation could withdraw by 2032.

Local communities and workers dependent on coal and gas power stations are among those most heavily impacted by coal and gas closures, particularly where there are limited other industries and employers.

A 'just transition' for these communities and workers requires planning and policy support in advance of closures.

Recent Australian experience of coal closures indicates that affected communities and workers will have often had very limited time – from five months to a year – between announcement and closure. This highlights the benefits of just transition planning in communities reliant on ageing coal power stations.

Forward planning can better address the need to diversify local economies, develop strategies, plans and funds to support workers and their families and invest in infrastructure to support new low emissions industries.

In a report for the OECD, the Just Transition Centre (2017) recommends policy makers:

- Commit to engagement and dialogue at all levels. Including formal processes to include transition planning at local, state and federal levels as well as with industry sectors and companies.



- Establish plans, strategies and funds for transition. Funds should cover education, training, and reskilling; social protections for workers and their families; and grant, loan and seed capital for programs to diversify local economies.
- Provide government and employer support for vulnerable workers to have the skills and training necessary for a successful transition.
- Invest in low emissions infrastructure such as renewable energy, public transport, grid and storage and zero emissions buildings to create decent jobs. To support the creation of decent local jobs.
- Ensure companies' climate reports include disclosure of employment risks and just transition plans.

Kind regards,

Suzanne Harter      [Suzanne.Harter@acf.org.au](mailto:Suzanne.Harter@acf.org.au)

Petra Stock         [Petra.Stock@acf.org.au](mailto:Petra.Stock@acf.org.au)

