

Welcome to the September 2023 Integrated System Plan (ISP) Newsletter, a quarterly update on the 2024 ISP process.

This issue includes updates on:

- How to get involved and have your say
- Past ISP consultations:
  - [Transmission Expansion Options Report](#)
  - [Inputs Assumptions and Scenarios Report \(IASR\)](#)
  - [ISP Methodology](#)
- An update on the Delphi Panel
- [ISP Consumer Panel](#) update
- [Advisory Council on Social Licence](#) update

AEMO strives to give all stakeholders as much opportunity as possible to get involved in our planning to ensure we achieve the best possible outcome.

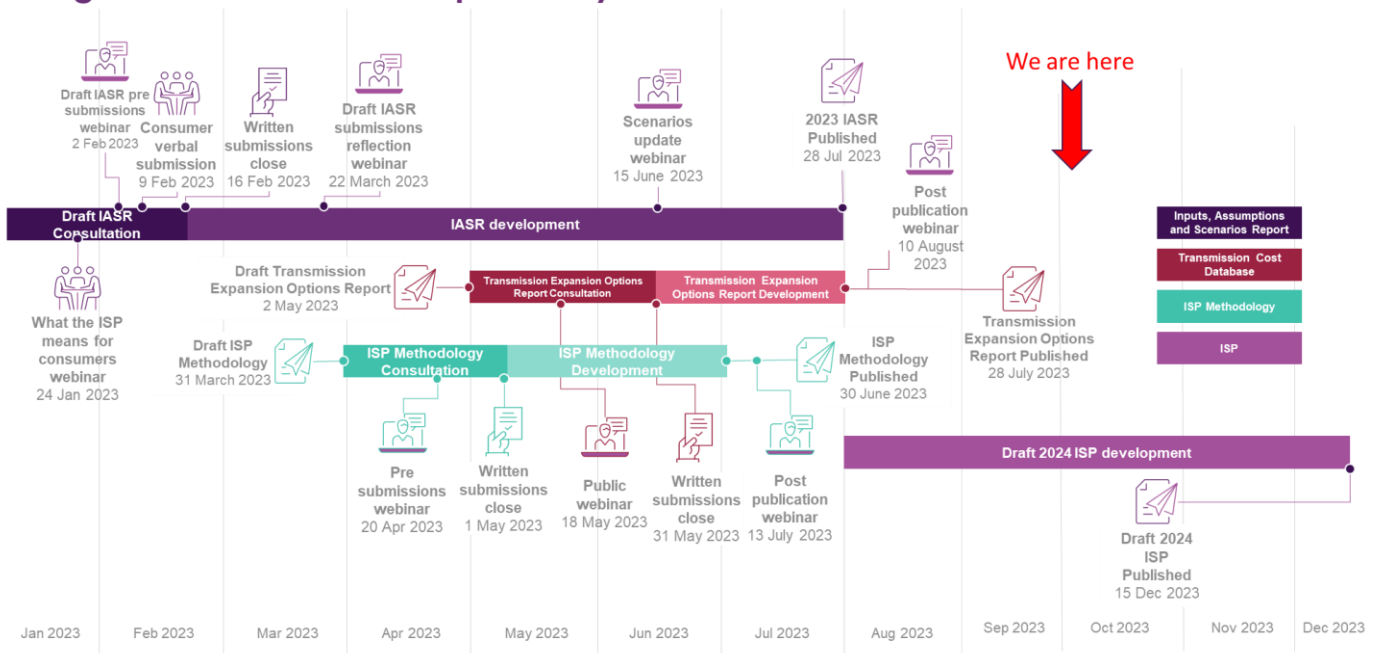


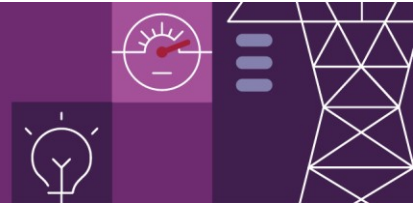
Stakeholder input is essential to the development cycle for the 2024 ISP.

Thank you to all the stakeholders who took the time to make submissions or attend recent webinars.

We look forward to engagement alongside the publication of the Draft 2024 ISP. The associated consultation opens on 15 December 2023. The “How to get involve” section details the related events and submission deadlines.

**Figure 1 – The ISP Development cycle**





## How to get involved

Join the [ISP mailing list](#) to never miss an update.

- [Register here](#) to attend the Draft 2024 ISP post publication webinar on 18 December 2023, 11:30am-1pm AEDT.
- [Register here](#) to attend the Draft ISP Consumer Advocate pre-submission webinar on 30 January 2024, 11am-12.30pm AEDT, and ask AEMO questions before consultation submissions are due.
- [Register here](#) to attend the Consumer Advocate verbal comment session on 15 February 2024, 10.30am-12pm AEDT.
- Make a written submission in response to the Draft 2024 ISP to [ISP@AEMO.com.au](mailto:ISP@AEMO.com.au) by 16 February 2024.
- Provide a submission for a non-network proposal in response to the Draft 2024 ISP to [ISP@AEMO.com.au](mailto:ISP@AEMO.com.au) by 8 March 2024.
- [Register here](#) to attend the post submission inform webinar on 2 April 2024, 11.30am-12.30pm AEDT (date subject to change).

Find our 2024 ISP stakeholder engagement strategy and past engagements including webinar recordings on the [2024 ISP Stakeholder Engagement](#) webpage.

If you have any questions for the AEMO ISP team, please email [ISP@aemo.com.au](mailto:ISP@aemo.com.au).

## Have your say



Thank you for your engagement to date as we develop the 2024 ISP.

Please complete this short five-minute survey to provide feedback on your engagement experience so far and where we can improve.

Complete the survey [here](#). This survey is open until 13 October 2023.

## 2023 Transmission Expansion Options Report

The final 2023 [Transmission Expansion Options Report](#) was published on 28 July 2023. If you would like to view a summary of the report, you can watch the [webinar](#) held on 10 August 2023, attended by more than 100 people.

This report packages up transmission network expansion options to inform the development of the 2024 ISP. It includes AEMO's approach to forecasting transmission costs, and provides transmission options to be evaluated in the ISP alongside generation and storage options.

The final report was prepared following consideration of stakeholder submissions received in response to the draft report published in May 2023, and is the result of extensive joint planning with transmission network service providers and jurisdictional bodies.

AEMO thanks all stakeholders who made a submission. Stakeholder engagement included more than 20 written and verbal submissions. The material recommendations and AEMO's responses are outlined in the following [2023 Transmission Expansion Options Consultation Summary](#) report.

The expansion options in the report will feed into the Draft 2024 ISP, to be released on 15 December 2023.

## 2023 Inputs Assumptions and Scenarios Report

Following a 12-month consultation process, AEMO published the final [2023 IASR](#) and summary [infographic](#) on 28 July 2023.

The report includes three scenarios (Figure 2) that are used to support planning in an uncertain environment, and assess future risks, opportunities, and development needs to match electricity supply and demand.

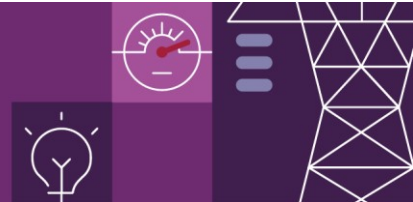
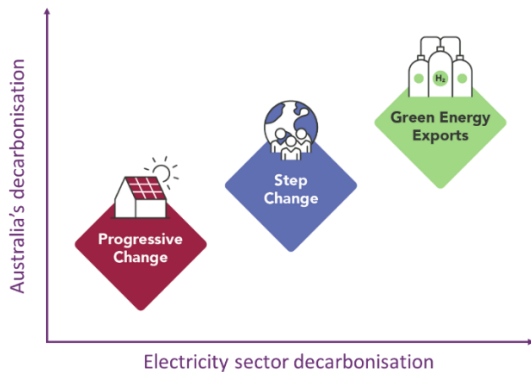


Figure 2. Three ISP scenarios



Additionally, a range of sensitivities will be explored to show how forecasting and planning results differ if a key assumption changes, such as rapid decarbonisation, electrification alternatives, reduced energy efficiency, constrained supply chain, coordination of consumer energy resources, and social licence challenges.

AEMO thanks all stakeholders who took the time to make submissions on this critical planning publication. Over 60 submissions were received from organisations and individuals. All consultation materials, including non-confidential submissions, are available on [AEMO's website](#).

## 2023 ISP Methodology

The ISP Methodology sets out how AEMO will undertake modelling and cost benefit analysis for the 2024 ISP. The modelling leads to the development of an Optimal Development Path that optimises the net economic benefit to all those who produce, consume and transport electricity in the market.

An update to the [ISP Methodology](#) was released in June 2023. This update followed consideration of 25 written stakeholder submissions.

If you would like to view a summary of the ISP Methodology, you can watch the [webinar](#) held on 13 July 2023. For a copy of stakeholder feedback and detailed responses, please see the consultation [summary report](#).

## Delphi Panel

AEMO identifies a 'most likely' scenario for the purpose of preparing the optimal development path for the ISP. Scenario weightings are used for the ISP and regulatory investment test for transmission purposes.



On 1 September 2023, AEMO held the 2024 ISP Delphi Panel. The Panel is designed to assess the likelihood of the three scenarios (Figure 2) being modelled for the 2024 ISP. The panel included 33 individuals with diverse backgrounds including expert consumer advocates, government, industry associations, networks, academics, and generators.

The role of the Delphi Panel was to consider the following question.

*Based on your knowledge of the future of the energy sector, what is the relative likelihood of each of AEMO's three core scenarios for the 2024 ISP.*

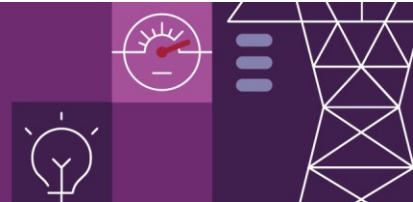
A key feature of the Delphi Panel technique is that participants are not known to each other. This allows for open opinions to be provided, without the influence that position or status of participants may have on group decision-making.

AEMO thanks panel participants for taking the time to immerse themselves in the pre-reading, pre-voting information session and voting process. We collected a high volume of data on how and why people weighted the likelihood of each scenario, including over 14,000 words of reasoning.

The next step is for AEMO to analyse this data and determine how it will be applied to the ISP.

The results will be shared in the next newsletter.





## Advisory Council on Social Licence

In August, AEMO met with [Advisory Council on Social Licence](#) (ACSL) members and provided an update on the design of social licence sensitivities for the Draft 2024 ISP, sharing information on potential options for modelling and seeking any initial feedback.

The opportunity to consider the power of ‘smaller scale’ consumer solutions such as load shifting, demand response and energy efficiency in the modelling of scenarios was discussed.



Another theme raised was the opportunity to account for significant social, environmental and/or cultural factors within identified areas of investment (for example, related to biodiversity, cultural heritage and native title).

A full summary can be found on page 4 of the [forum meeting record](#).

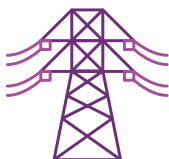
## ISP Consumer Panel update

Since the last Newsletter update, the Consumer Panel’s work has covered a submission on the Final IASR Report (due at the end of September), a submission on the ISP Methodology and the Transmission Expansion Options Report, the development of the Delphi Panel, consumer risk preferences and the cost of capital to be used in ISP modelling.

### Update to the ISP Methodology

The Methodology for the ISP is fully reviewed every 4 years, with the last major review in 2021 for the 2022 ISP. So, this year’s process was to update the 2021 version. There were 8 updates proposed. The main points that the Panel made in our submission were:

- a. Transmission Project Lead times: “The Panel strongly supports the revision of project lead times to reflect likely project delays in the methodology for the 2024 ISP.”



- b. Impact of fossil-fueled generation on REZ transmission limits. “We consider that the ISP modelling would be improved by updating the modelling to reflect a more granular but not necessarily fully nodal transmission network model where the transfer capacity of the network is more accurately represented for key network flow paths.”

Our submission is available [here](#).

### Consumer Risk Preferences

A major recommendation from the 2022 Consumer Panel was for consumer risk preferences to be actively explored and incorporated into the 2024 ISP considerations.

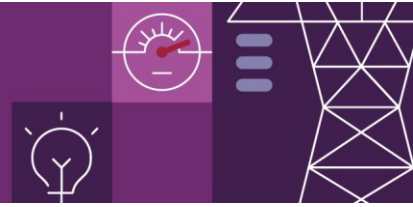
We continue working closely with AEMO and their consultant, Deloitte, to explore residential consumer risk preferences, including developing ‘a metric’ that could be incorporated into the draft ISP modelling. We will comment on this further in our submission on the draft ISP.

### Cost of Capital

The Panel also worked closely with AEMO consultant Oxford Economics Australia on their updating of [cost of capital assumptions](#) to be used in ISP modelling published with the Final IASR. Key topics considered by the Panel included:



- Use of single or multiple discount rates. For the 2022 ISP, a single discount rate (ie cost of capital) was applied for practical reasons, however there is evidence that investors apply different discount rates for different investments, relating to perceptions of relative risk.
- Differences in network and non-network investments also attract different risk considerations from investors.
- Consideration being given to ‘consumer’s cost of capital,’ because consumers are significant



investors in energy infrastructure, including PV and batteries.

The Panel has appreciated the careful work that has been undertaken on the application of 'discount rates' to the 2024 ISP.

## Delphi Panel Process

The Panel was very pleased to be able to actively contribute to planning for the Delphi process that informed the ISP scenario weightings for the modelling. We consider that consumer involvement was significantly enhanced through the 2023 Delphi process.

## Staying engaged with the ISP development process

Consumer Panel members are happy to meet with community and consumer groups with an interest in the ISP (likely online) and keen to hear thoughts about any aspect of the ISP from consumers.



To contact us email:

[ISP@aemo.com.au](mailto:ISP@aemo.com.au)

All AEMO engagement activities being undertaken as part of the current development of the ISP are listed on the AEMO website: [2024 ISP Stakeholder Engagement](#). This forward calendar of activities is updated regularly.

If you have any questions for the AEMO ISP team, please email [ISP@aemo.com.au](mailto:ISP@aemo.com.au)