



Welcome to the March 2024 Integrated System Plan (ISP) newsletter, a quarterly update on the 2024 ISP process. AEMO value the ongoing feedback from stakeholders on the Draft 2024 ISP and thank those stakeholders who provided submissions in February.

This issue includes updates on:

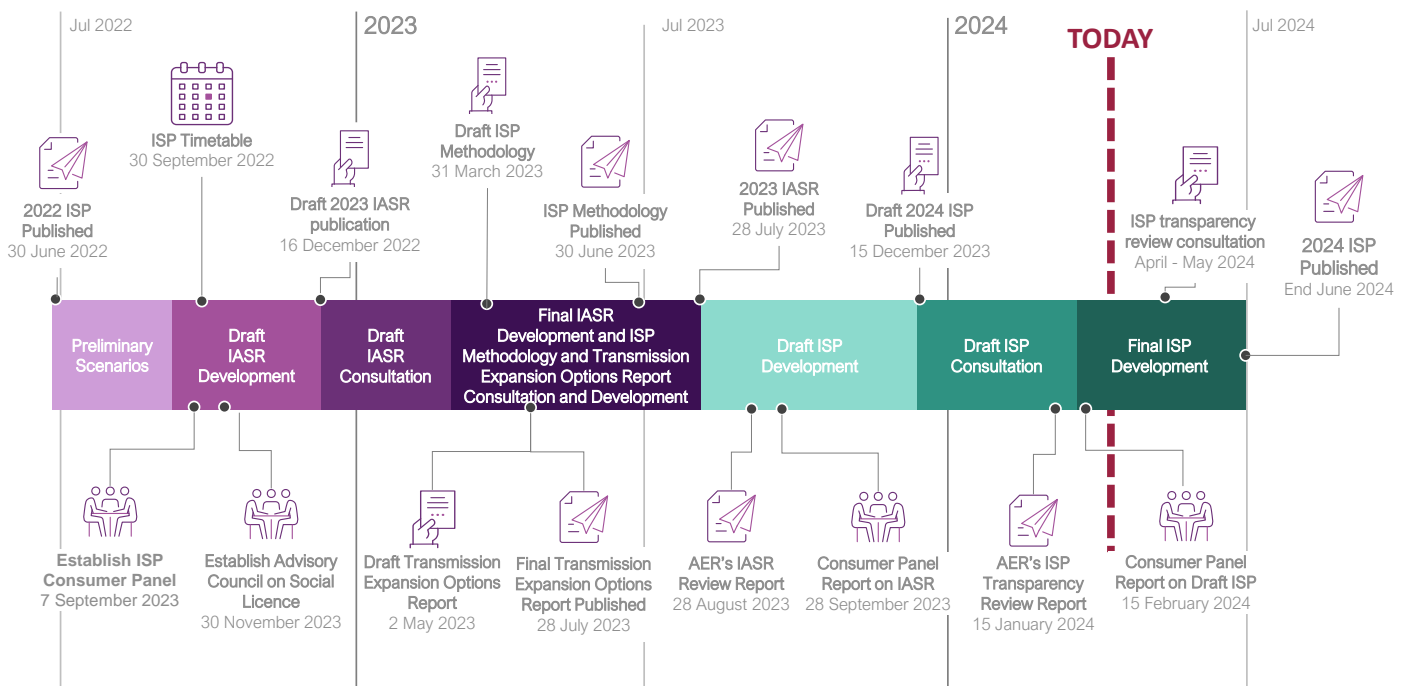
- How to get involved
- Draft 2024 ISP consultation highlights
- ISP transparency review consultation
- Have your say in the 2024 ISP satisfaction survey
- Update on the 2026 ISP Consumer Panel
- Update on the ISP review
- ISP Consumer Panel update

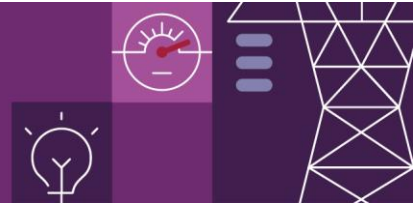
AEMO welcomed input from stakeholders for the Draft 2024 ISP and we are pleased to have received over 100 submissions, demonstrating an ongoing high-level of interest in the ISP. This is an increase on the 78 stakeholder submissions we received on the Draft 2022 ISP and its Addendum.

How are we going on 2024 ISP engagement? AEMO looks forward to hearing about your experience engaging with AEMO through the [Draft 2024 ISP satisfaction survey](#) open until 25 March 2024.

Continue to the “How to get involved” section for more information on opportunities for engagement in the coming months.

Figure 1 The Draft 2024 ISP development cycle





How to get involved

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

- To view the Draft 2024 ISP submissions including the ISP Consumer Panel report and the ISP Consumer Advocate verbal report please visit our [consultation page](#).
- [Register here](#) to attend the submission reflection webinar on 2 April 2024, 11.30am-12.30pm AEDT.
- Consultation on the Draft 2024 ISP addendum in response to the AER's ISP Transparency Review Report, to be released mid-April 2024.
- A final 2024 ISP report publication webinar will be held in the first week of July 2024. The date will be available on our [2024 ISP Stakeholder Engagement](#) webpage shortly.

If you have any questions for the AEMO ISP team, please email ISP@aemo.com.au.

More information about the 2024 ISP stakeholder engagement strategy and past engagements including webinar recordings are on the [2024 ISP Stakeholder Engagement](#) webpage.



Draft 2024 ISP consultation highlights

The Draft 2024 ISP was released on 15 December 2023. The full Draft 2024 ISP report and the overview of the Draft 2024 ISP can be downloaded [here](#).



Below is a breakdown of submissions:

Draft 2024 ISP submissions	
Formal written submissions	96
2024 ISP Consumer Panel report	1
Consumer advocates verbal session	6
Public submissions	103

Across the 103 submissions there was a wide range of feedback from a diverse group of stakeholders.

Key themes that are emerging across the submissions include: Consumer energy resources (solar, batteries & electric vehicles) and distribution networks, the role of gas in the ISP, delivery risks facing the energy transition, actionable projects, and demand forecasts.

If you would like to know more about the stakeholder submissions, and AEMO's considerations in response to the feedback, please register for the **2 April 2024 webinar**. You can also view the submissions published on our [consultation page](#).

Thank you to those stakeholders who took the time to provide a submission to the Draft 2024 ISP.

ISP transparency review consultation

AEMO is currently working on an addendum to the Draft 2024 ISP in response to the [AER's ISP transparency review](#) report, released by the AER on 15 January 2024. The ISP addendum will provide further information on matters relating to inputs and assumptions considered for sensitivity analysis scenarios, consumer energy resources, jurisdictional policies and firming and storage in renewable energy zones and system security remediation costs and how



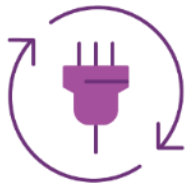
these contribute to the outcomes of the Draft 2024 ISP.

The addendum to the Draft 2024 ISP is due for release by mid-April and will be open for consultation for 3 weeks for stakeholders to provide any feedback. AEMO will be addressing any feedback received on the addendum in the ISP consultation summary report which will be released alongside the final 2024 ISP at the end of June 2024.

Have your say

Thank you to our stakeholders who provided feedback to our first 2024 Integrated System Plan (ISP) engagement satisfaction survey in October 2023.

The feedback we received from last years' survey showed that respondents were satisfied with the engagement to date (7.3/10 overall satisfaction) but noted there is more that we can do use clearer communication in our reports, enable more diverse voices in webinars, and acknowledge individual consultation submissions.



Now that the Draft 2024 ISP consultation has closed, we're working through stakeholder feedback and over the coming months we will be developing the final 2024 ISP due for release by the end of June. We would like to hear feedback on your experience engaging with AEMO during the development of the 2024 ISP process so far.

What's working well, where we can improve? Please provide your feedback by completing the [2024 ISP Stakeholder Engagement Satisfaction Survey](#) by Monday 25 March 2024.

This is the second survey in a series of three surveys, which combined will help us continue to improve for the remainder of the 2024 ISP program and for the development of the 2026 ISP.

For more information, visit our [opportunities for engagement](#) page or email ISP@aemo.com.au.

Update on the 2026 ISP Consumer Panel

Thank you for those stakeholders that registered their expression of interest to join the ISP Consumer Panel. Expressions of interest closed on 8 March 2024 and AEMO is in the process of assessing applications. In our next newsletter we will share with you more information on the 2026 ISP Consumer Panel.

Update on the ISP review

The December ISP Consumer Panel update made reference to The Commonwealth Government review of the ISP through the Department of Climate Change, Energy, the Environment and Water. The ISP review considers gas infrastructure development, generation and storage, demand consideration including the impact of consumer energy resources (CER) and distribution network planning.



On March 1, Ministers met to [consider the proposed recommendations](#), and have agreed to a set of actions in response that will enhance the ISP to plan for the transformation across the energy system, including gas. Ministers accepted 15 recommendations, which include better integration of demand-side opportunities and a detailed assessment of gas market conditions.

ISP Consumer Panel update

The main focus of the Panel's work over recent months has been the development of our response to the Draft 2024 ISP, released in December 2023.

In presenting our submission we enthusiastically recognised the genuine collaboration that the Panel experienced in working with AEMO staff and their dedication to making the ISP as useful as it can be. We observe that AEMO has significantly enhanced its consumer focus and capacity to work with the Panel in shaping the 2024 ISP.





Draft 2024 ISP

One of the challenges for the fourth ISP (2024 ISP) is to better reflect the challenges of taking into account consumer risk preferences for long term, high capital cost investments and to be more proactive in reflecting the importance of social licence.

We gathered our response, and consequently our consumer-focused challenge to the draft 2024 ISP around six broad themes that we describe as:

Transmission plan vs whole of system plan

The framing of the ISP's findings is important. The Panel do not believe that ISP is currently a whole of system plan, but rather a transmission plan. The ISP is summarised in the 2024 draft as:

“The plan outlines the lowest-cost pathway of essential generation, storage and transmission infrastructure to meet consumers' energy needs for secure, reliable and affordable energy, and to achieve net zero emissions targets.”

In the draft 2024 ISP there are statements about how to achieve this plan, including:

“Renewable energy connected by transmission, firmed with storage and backed up by gas-fired generation is the lowest cost way to supply electricity to homes and businesses throughout Australia's transition to a net zero economy.”

The Panel believe the ISP should include a 'whole of system' model and the framing of the ISP should be expanded to cover demand side measures including consumer energy resource investment, energy



efficiency and demand response. This would better reflect the lowest cost pathway for energy needs of homes and businesses.

Constrained Optimal Development Path

Apart from being constrained in achieving its aim from being a transmission plan rather than a whole of system plan, the recent large expansion in State and

Federal energy and climate policies which are included as input assumptions in the modelling, further constrains the transparency of the results for consumers. The more that policy expansion continues, the less the result can be represented as an Optimal Development Plan from the perspective of consumers in the National Energy Market.

Hard choices will be required

To achieve the optimal development path (ODP) and, by implication, the range of Government policies, will require a number of hard choices to be made that have political, social and economic consequences. These hard choices can be mitigated through a 'whole of system' approach. Hard choices include:

- Who pays – financing by the taxpayer rather than energy bills is more equitable
- Intergenerational equity – how much should be paid by the current generation of electricity consumers and how much paid by future consumers.
- Social licence – how to (re)gain landowner and community trust and support for siting network and generation in rural and regional Australia?
- How to balance the need to construct new transmission and renewable generation assets and the environmental impact of constructing and operating those assets.



The issue of 'affordability'

The approach of measuring consumer 'affordability' with reference to 'net market benefits' is flawed. Just because the Optimal Development Path has the highest net benefits does not mean the result will be 'affordable' for all consumers. Many consumers will not be able to 'afford' the costs described in the Draft ISP, particularly while energy costs continue to rise at a faster rate than CPI and incomes. Given AEMO does not address the 'who pays' question and cannot forecast electricity prices, the ISP cannot make any judgements about affordability.



The role of gas

The significantly increased role for gas for electricity generation in the 2024 ISP compared to the 2022 ISP requires public debate on how this is going to be achieved. This is a debate that cannot be put off simply because the expanded gas generation requirement does not occur for at least 10–15 years.



The 'how?'

The ISP sets out the 'what' but says little about the 'how' to efficiently implement the ODP. We think it should but understand its reluctance. Questions of 'how the ISP will be implemented?' are pertinent to a range of parties other than AEMO, including governments and industry.

The ISP, and perhaps AEMO by authorship, cannot be left to do all of the 'heavy lifting' in enabling the transition to a renewable and affordable energy future; governments, industry, researchers, and consumers, individually and collectively, all have roles to play.

More detail is given in our [full submission](#).

Looking forward

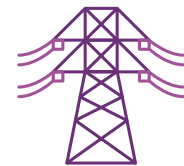
As the 2024 Consumer Panel nears the completion of its term, we are providing some perspectives on foci for 2026 ISP, these include:



1. Further improving input from consumer groups.
2. More explicit incorporation of the role of the distribution network, especially given the social licence constraints on transmission construction.
3. Much more active consumer engagement on the development of scenarios for the 2026 ISP.
4. Maintaining the focus on getting a better understanding of consumer risk preferences

that was a strong recommendation from the 2022 Panel and keenly encouraged by the 2024 Panel. This is a 'tough' topic and really important that it is maintained as a focus.

5. Development of a more comprehensive set of sensitivity tests to better test the resilience of the Optimal Development Path to external events.
6. Better capital expenditure estimates for ISP projects.
7. Social Licence. This topic becomes ever more significant.
8. Review of the ISP methodology. This substantial review occurs every four years and will be a significant topic for the 2026 ISP.
9. Enhanced understanding of the distributional impacts of the ISP to ensure equity for low-income groups and renters.
10. More comprehensive consideration of gas generation supply chain issues given the expanded role for gas in the 2024 ISP.



The Consumer Panel can be contacted on: ISP@aemo.com.au