



Director: **Dr Robert Barr**
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Chief Executive Officer
Australian Energy Market Operator

Dear Ms Zibelman

SUBMISSION ON THE DRAFT 2020 INTERGRATED SYSTEM PLAN

Thank you for the opportunity to make this submission.

We have read the Draft 2020 Integrated System Plan with great interest. We make the following observations.

The Draft 2020 ISP proposes a wide range of renewable scenarios. This reflects the very large uncertainties that lie ahead for the NEM.

As would be expected from a government agency, the draft ISP reflects existing government policies both state and federal. This is a major restriction and limits the ability of the plan to explore a wider range of options. The main policies of note are:

1. VRET 2030 target of 50%
2. QRET 2030 target of 50%
3. Nuclear not considered due to the legislative ban

Whereas the AEMO planners have produced least cost plans to meet the needs of the NEM and its customers, integrating the underlying government policies result in higher cost outcomes than could otherwise be achieved for the Australian public and industry. The existing policies force AEMO to plan scenarios that miss out on taking advantage all the best available technologies. For these reasons we suggest that AEMO have been restricted in being able to produce truly technology neutral outcomes. As such the public will potentially be denied the benefits of what a true technology neutral approach could provide.

Costing of the scenarios put forward in the ISP is a very difficult job. We note that while the plan provides relative cost indications between the plan no direct comparisons are made with existing price/cost levels.

To restore Australia's energy competitiveness, our desire is for NEM wholesale prices/costs to fall over time back to 2017 levels (Pre-Hazelwood power station closure). We do not see the Draft 2020 ISP achieving this goal.

We are in the process of upgrading our own EPC NEM models that will allow cost comparisons of scenarios that are put forward in the ISP. In addition, we will be able to examine options that sit outside the constraints imposed on AEMO by existing government policies and look at the issues in a more technology neutral way. We plan to make these outcomes public over time.

Yours faithfully
Electric Power Consulting Pty Ltd

A handwritten signature in black ink, appearing to read 'Robert Barr', written in a cursive style.

Dr Robert Barr
Director