



The Honourable Matt Kean MP
Minister for Energy and Environment

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Mr Nino Ficca
Interim CEO
Australian Energy Market Operator

By email: forecasting.planning@aemo.com.au
energy.forecasting@aemo.com.au
ISP@aemo.com.au

Dear Mr ~~Ficca~~ Nino

I am writing regarding recently completed consultations on the *Draft 2021 Inputs, Assumptions and Scenarios Report* and *Draft Electricity Demand Forecasting Methodology*, as well as the current consultation on the *ISP Methodology Issues Paper*.

I welcome the strong engagement and focus of the Australian Energy Market Operator (AEMO) on consulting stakeholders regarding the range of assumptions, methodologies, scenarios and inputs that underpin the forecasting and modelling done to support AEMO's activities.

As you would be aware, the NSW Government's Climate Change Policy Framework and Net Zero Plan sets out the State's objective to achieve net zero emissions by 2050. The other states and territories have similar objectives. Achieving this objective will require not only changes to the electricity system, but also economy-wide uptake of new, low emissions technologies and processes. Many of those technologies and processes are likely to be electricity-intensive and may place new demands on the electricity system. For example, the uptake of electric vehicles and production of green hydrogen for use in the gas network, industry and other applications are likely to create significant additional demand for electricity in a net zero economy.

As such, it is important that AEMO considers the impact of achieving net-zero emissions across the entire economy when forecasting and planning for the changing requirements of the National Electricity Market. Accordingly, the NSW Government requests that AEMO includes a scenario that reflects the State's economy-wide net zero emissions objective in future Integrated System Plans.

In order to support AEMO in ensuring the full range of official NSW Government policies are known and their implications are understood, the Department of Planning, Industry and Environment (the Department) will continue to engage with and be available to AEMO's staff. The primary point of contact in the Department is Mr Liam Ryan, Executive Director Strategy and Implementation. Mr Ryan can be contacted at [REDACTED] or by phone on [REDACTED].

Yours sincerely

Matt Kean MP
Minister for Energy and Environment

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