

Consumer advocate verbal submission - Draft 2024 Integrated System Plan

Purpose of this document

On 15 December 2023 AEMO published the Draft 2024 Integrated System Plan (ISP)¹ for consultation. To support the capacity for consumer advocates providing formal consultation submissions, AEMO held verbal submission sessions on the Draft 2024 ISP with consumer advocates on 15 and 16 February 2024. AEMO staff did not respond to these comments in the session. AEMO produced this written record, which has been reviewed by attendees. AEMO will consider these submissions, alongside all other written submissions to the Draft 2024 ISP.

Submitters:

Name	Organisation	Name	Organisation
Craig Phasey	Energy Flex (EF)	Jennifer Brownie	Queensland Energy Users Network (QEUN)
David Prins	Etrog Consulting (EC)	Bridget Ryan	Re-alliance (RA)
Joy Thomas (JT)		Tim Ryan	Ready Energy (RE)

Submission topics

Consumer advocates provided comments on the following topics.

1. Social Licence
2. Communication of the ISP
3. Consumer Energy Resources (CER)
4. Storage
5. Community Batteries and consumer solutions
6. Transmission reliability
7. Wind costs
8. Avoidance of network costs

1 Social Licence

- **RA:** The Draft 2024 ISP starts the communication on social licence well, and there is still a long way to go. We see big gaps around energy literacy generally, and lots of mis/dis-information popping up and spreading, especially in regions. So, regional outreach is an important part of social licence. We would welcome seeing AEMO do more public engagement around the new ISP in plain English terms. AEMO should engage with the public often about the energy transition on what it means for consumers and the general public. There is a large emphasis on the project proponents to get social licence, but there is a big role that the wider industry, AEMO and governments could be playing to provide consistent messaging.
- **EC:** Part of the social licence problem is that too many say, "someone else should be dealing with it."
- **RA:** The social licence sensitivity only looks at project costs and delays. But it doesn't explore the impact on consumer bills, and the contingencies on the energy system that may occur if these projects do not go ahead.
- **EC:** It is problematic if the most significant thing people have to say about social licence is that overcoming negative community sentiment causes delays. Good social licence engagement

¹ See <https://aemo.com.au/consultations/current-and-closed-consultations/draft-2024-isp-consultation>

should result in lower overall costs, and improved efficiency. Government edict without social licence risks lack of transparency, which can result in further costs, inefficiencies and negative community sentiment.

- **JT:** The language of this Draft 2024 ISP is an improvement on previous ISPs. Social licence is about connecting with people, so the language and narrative must be such that it can connect with people and communities. The ISP should also include social licence considerations for solar and wind developers.
- **JT:** The final 2024 ISP should consider issues raised by the Australian Energy Infrastructure Commissioner².
- **QEUN:** Social licence is a big issue that is splitting communities apart.
- **RE:** Social Licence is a big issue but is not for the ISP to solve.

2 Communication of the ISP

- **EC:** There is major misinformation about the ISP. The ISP is not an unconstrained plan, it is economic modelling to achieve end scenarios based on what others are and committed to doing. The ISP is an indication to developers. At every opportunity, AEMO should explain in the public domain what the ISP does and how it should be used and interpreted. There is also general scepticism in the media, where all have their own agendas. When AEMO is aware that the ISP is being misinterpreted or misquoted, it should seek to respond with accurate information, so that consumers and stakeholders can be better educated on the ISP and its purpose. AEMO needs to explain clearly and differentiate between the inputs and outputs of each process.
- **EC:** There is misunderstanding on how Australia's energy system works. Some overseas commentators believe that Australia has grids running on 100% renewables based on media articles and political speeches. Examples include South Australia which can at times run with more renewable generation than demand within the state, only because of its inter-connections with other states, and the ACT, where running on 100% renewables is through a financial transaction, not reflecting instantaneous generation sources. This highlights how misinformation can spread.
- **QEUN:** All published figures need to be comparable, using dollars from the same base year between ISPs.

3 Consumer Energy Resources (CER)

- **EC:** To model CER effectively, the ISP needs to consider CER from a consumer perspective and focus, not from an industry or central planner perspective. Traditional CER is from consumer inactivity, such as hot water loads, but now active consumer engagement is required. How can consumers be empowered, and how can their behaviour change be incentivised? The ISP can further consider to what extent it relies on CER and more needs to be done to improve consumer choice and ability to make their own CER operation decisions, as opposed to central control and absence of consumer choice.
- **EF:** CER is the key. But the control must rest with the system owners, who make their own decisions in, their own financial interest³.

² See the AEIC Review of community engagement practices at: <https://consult.dcccew.gov.au/aEIC-review-of-community-engagement-practices>.

³ See Energy Flex's submission to the 2024 Forecasting Assumptions Update consultation at: https://aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2023/2024-forecasting-assumptions-update-consultation-page/submissions/consumer-advocates-verbal-submission.pdf

- **RA:** The role of assets connecting into the distribution grid is an area where there will continue to be scepticism on AEMO's forecasting. AEMO should address the technical modelling of CER more deeply to help bridge the gap in both industry and public understanding about what role CER is, will and could play.
- **RE:** AEMO needs to know that its responsibility stops before sub stations. Distributed Network Service Providers should make the CER decisions. This highlights that the future grid will need both supply and demand side solutions. On the demand side, temporally shifting load is about giving consumers social licence over their consumption.
- **RE:** Every Electric Vehicle (EV) has valuable batteries which can temporally shift load. The ISP can talk to this but should mention that it's not an AEMO issue to control what consumers do with their resources.
- **RE:** Significant temporal shifting of load has already occurred through the mid-day solar peak. This shift, of up to 2.5GW on peak demand days, is valuable. This trend needs to continue for an optimal energy system, as doing this well can mitigate peak events. However current network tariffs are not conducive to time-shift load. The ISP can deliver this, but it requires changes to the way AEMO works with demand.
- **QEUN:** We cannot assume that solar PV will be operating when peak occurs. Additionally, consumers need to control their usage, but the average consumer is not sophisticated in this way.
- **QEUN:** CER is not the balancing option to make the grid reliable and secure. Even those consumers who sign up for CER optimisation schemes are unhappy when their usage is constrained, or batteries drained.
- **QEUN:** The Draft 2024 ISP forecasts an increase from 0.2 to 4GW of storage by 2030. This is a very unlikely increase and is too highly dependent on 2-hour load. To ensure that the ISP will deliver a reliable development path, it should consider a no-CER sensitivity.

4 Storage

- **QEUN:** We need medium and deep storage, rather than more 2-hour storage.
- **QEUN:** The ISP is relying Snowy 2.0 to be operating by December 2028, but this is an impossible timeline. The three transmission projects relying on Snowy 2.0; HumeLink, VNI West and PEC, are also having cost blowouts. Unrealistic timelines for storage projects are bringing transmission projects earlier, adding to the costs and risks, making the ISP even more undeliverable. These increased transmission cost should not be borne by consumers.
- **QEUN:** Borumba Pumped Hydro is an anticipated project. But it doesn't have the final investment decision or any connected transmission. How can this be included in the ISP?

5 Community batteries and other consumer solutions

- **RE:** Community batteries are the most logical way forward. Homes can spill PV into the community battery for free. This goes beyond the remit of the ISP, but the ISP can communicate the value of community storage to deliver for consumers, without AEMO reaching around the meter for control.
- **RE:** The cost of batteries will flatten, so investing in individual batteries now is inefficient. So, if community batteries are the way forward, AEMO needs to help make them happen. These will provide more value to the grid than EVs. The important thing is that consumers shouldn't bear the risks of small batteries.

- **QEUN:** Since Lithium batteries can't be insured, Sodium batteries will emerge relatively soon. China is putting them into EVs already. The cost of other mineral batteries needs to be included.
 - **EC:** The issue for the ISP is for AEMO to consider the extent to which that kind of observation from a consumer perspective affects ISP inputs.
- **RE:** Energy storage as a service is a valuable long-term solution that AEMO should consider. It is lower cost and provides better results for consumers.

6 Transmission reliability

- **QEUN:** The grid is not reliable. Extreme weather events are becoming more common, exposing a potential point of failure of every single transmission tower. The ISP needs to consider whether fortifying existing transmission lines is more urgent than building newer routes⁴.
 - **RE:** Resilience and line maintenance is a Transmission Network Service Provider issue.
- **QEUN:** This ISP is too focused on the decarbonisation objective from the NEO, but is falling short on affordability, reliability and resilience. The pace of this ISP is leaving consumers behind.
 - **RE:** This is all about the communication with consumers and community.

7 Wind costs

- **QEUN:** The ISP must follow government policies, so offshore wind is included in Victoria. But, to truly reflect the cost of offshore wind, more recent international experiences, where offshore wind projects are losing money, need to be considered. The ISP should show that despite being government policy, they are not profitable, and therefore not an optimal development option. If the targets are driving the outcome, then the plan is not deliverable or affordable.
- **QEUN:** The Draft 2023 GenCost numbers should be used in the Final ISP.
- **EC:** AEMO should review whether the 2023 GenCost estimates from June are still justifiable. If any are no longer justifiable, AEMO should consider updating those estimates based on the Draft 2024 GenCost, without necessarily fully embracing the Draft 2024 GenCost estimates.

8 Avoidance of network cost

- **RE:** The ISP should talk about the costs and benefits of diversifying the energy grid.

⁴ Some comments made at this point have not been included as they were outside of the scope of the ISP.