

16 February 2024

Dear ISP team,

Queensland Conservation Council (QCC) welcomes the opportunity to respond to AEMO's draft 2024 Integrated System Plan (ISP). Since the first version in 2018, the ISP has provided a much needed overarching direction for the National Electricity Market (NEM). Since the 2022 ISP there has been huge developments in national and state energy policy, particularly the Queensland Energy and Jobs Plan.

QCC is the peak environment body in Queensland, currently representing 51 member groups and has been supporting communities to protect our natural environment since 1969. Queensland communities and environments are already bearing the costs of extreme weather made more frequent and intense by climate change. The need to rapidly reduce emissions to curb global temperature increases has never been more clear or pressing. We welcome the 2024 ISP's acceleration of the retirement of coal fired power stations and corresponding acceleration of building new renewable energy.

Conserving natural ecosystems is also a key way to reduce emissions, and we need to make sure that renewable energy avoids and minimises clearing of natural habitat, particularly for threatened species. The renewable energy build is one of the biggest changes in regional Australia in decades so needs to be carefully planned to manage land use tensions, provide lasting employment and benefits for communities and respect cultural heritage. We recommend AEMO significantly broaden their criteria for Renewable Energy Zones (REZ) to consider biodiversity and land use tensions to reduce community pushback.

QCC provides the following comments to the consultation questions and looks forward to working with AEMO, Government and the energy industry to deliver renewable energy well in Queensland.

- 1. Does the proposed optimal development path help to deliver reliable, secure and affordable electricity through the NEM, and reduce Australia's greenhouse gas emissions? If yes, what gives you that confidence? If not, what should be considered further, and why?*

We are pleased that two of the three scenarios now at least meet a 2 C trajectory, with potential to scale up to 1.5 degrees with action in other areas. We agree that decarbonised electricity is essential to decarbonising heat, transport and industrial processes. For this reason, we welcome that coal fired power station retirements have been brought forward in the 2024 ISP, but remain concerned about the increased reliance on gas to back up renewable energy. The International Energy Agency's Net Zero Scenario requires a reduction in global gas usage of

20% by 2030 and 80% by 2050. We don't believe the expansion of gas is compatible with Australia's emissions reduction goals, or that it is delivering affordable energy.

We have provided comments to the DCCEEW review of the scope of the ISP calling for better inclusion of additional costs of gas power stations and transmission of gas, particularly as demand for gas is reduced through electrification.

All scenarios of the draft 2024 ISP are significantly different from the Queensland Energy and Jobs Plan particularly in terms of identified Renewable Energy Zones (REZ) and amount of deep storage required. This does not give confidence that the energy planning of either body is achieving the optimal development path. The difference in Renewable Energy Zones also has significant implications for social licence which are discussed below.

We are also concerned that the ISP continues to under explore the potential of Distributed Energy Resources and energy efficiency. We note that the forecasts for household storage have been reduced in the short term from the 2022 ISP, and would like to see AEMO take more of a role in exploring why and working with Distribution Network Service Providers (DNSP) to overcome these challenges. We hope that the scope of the ISP can be expanded to better integrate distribution network challenges and opportunities for the 2026 ISP.

2. Does the proposed timing and treatment of actionable projects support a reliable, secure and affordable NEM? If yes, what gives you that confidence? If not, what should be considered further, and why?

We are pleased that Queensland has convinced AEMO through the Energy and Jobs Plan to designate Queensland projects including CopperString 2032, Qld SuperGrid South and Gladstone Grid Reinforcement as actionable. This means Queensland has gone from having no actionable projects to having three planned to be delivered inside two years. This raises concerns for the workforce, procurement and management of community engagement required for these major projects being delivered in a short timeframe. We will continue to advocate to the Queensland Government to manage the workforce delivering the state owned transmission projects in a smooth and sustainable way.

3. Does the Draft 2024 ISP accurately reflect consumers' risk preferences? If yes, how so? If not, how else could consumers' risk preferences be included and what risks do you think are important to consider?

We welcome the increased consideration of consumer risk preferences. However, the consideration of willingness to pay to increase reliability is undermined by the climate realities we're seeing this summer. We've seen customers disconnected from the electricity network for

days, or even weeks, in communities around Cairns, Townsville, and Tamborine Mountain, and many shorter outages as high temperatures and storms have taken a toll on the distribution network around Queensland. Future studies of consumer risk preference should more directly address the increased climate risks and the impacts on reliability. It is not a choice between continuing with the status quo and paying more to transition to renewable energy.

4. Do you have advice about how social licence can be further considered in the ISP, or advice on how to quantify the potential impact of social licence through social licence sensitivity analysis?

We appreciate the changing emphasis to talk about building social licence, rather than treating it as something external to AEMO that may or may not be present. However, there is still a base assumption that the same projects will be allowed to go ahead, just with higher costs and delay. This actually risks reducing social licence because it does not empower people to feel that their concerns about projects will be addressed or taken seriously.

Building social licence depends on many factors, particularly behaviour of companies when interacting with landholders and communities during planning and construction. However, the planning, and a sense of involvement in the energy transition, is a key way to improve social licence. The differences between the AEMO and Queensland Government REZ reinforces a perception that the energy transition is not being managed, and creates a space where developers are operating ahead of regional planning.

The Queensland Government is planning to undertake a program of REZ Readiness Assessments across priority regions in southern and central Queensland. AEMO and the Queensland Government must work together to broaden the decision criteria for REZ. There needs to be a consideration of existing land use, and biodiversity constraints. The existing AEMO REZ are too broad in key areas to allow this to happen, particularly the Darling Downs. The proposed REZ covers a huge area with significantly different environments and industries from grazing and tourism in the Southern Downs to CSG and broad scale cropping in the Western Downs and agriculture and mining in the South Burnett. These need to be explored independently with input from those communities.

The development of renewable energy in Far North Queensland in regions of high biodiversity has had large detrimental impacts on the renewable energy rollout in Queensland, both in terms of damaging social licence and lengthy approval process. The Wooroora wind farm, formerly known as Chalumbin, has just had the Federal EPBC decision time frame extended again, taking it to close to three years in the approval process. There cannot be 10 GW of wind capacity built in this region in the Green Energy Export scenario without addressing this issue through detailed biodiversity planning.

Finally, we need more governance and feedback structures around AEMO's current modes of community engagement – for example, existing consultation groups, and ongoing work on consumer preference analysis. The current engagement that the ISP has with different affected voices is very narrow. AEMO should be required to engage with a variety of consumer types, to consult more widely than the ISP Consumer Panel and the Advisory Council on Social Licence, and to report back annually on engagement with groups from each NEM region as well as from relevant host communities.

5. Do you have any feedback on the Addendum to the 2023 Inputs Assumptions and Scenarios Report?

Social licence for offshore wind has been eroded, beyond specific locations, in recent months. We recommend AEMO consider the impacts of this on future offshore wind developments.

The response on industrial hydrogen seems to flag a hydrogen hub model which could be similar to REZ and would need a serious degree of coordination to achieve this. There needs to be a consideration of whether this is the optimal solution for industry.

Please contact clare.silcock@qldconservation.org.au to discuss any points in this submission.

Yours sincerely,

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