THE ROLE OF THE INTEGRATED SYSTEM PLAN
The COAG Energy Council asked the AEMC to report every 2 years on a set of drivers that could impact on future transmission and generation investment.

On 21 September, the AEMC published an options paper as part of this review.

The options paper is part of the AEMC’s contribution to the ESB’s reporting to the COAG Energy Council on how the ISP could be converted into an actionable strategic plan.
THE ROLE OF THE ISP
The role of the ISP

Who
- Who should be doing the planning?
- Who should be making decisions on what investment to make?
- Who decides what investments are in the long term interests of consumers?

What
- What assumptions should be taken into account for the planning necessary for the ISP?
- What government policies should be taken into account when completing this planning?
- What should the ISP focus on? Just strategic investments? What is the threshold for strategic investment?

When
- When will the planning be done? Annually? Every second year? Every 5 years?
- When will the planning be updated? How frequently should an ISP be done?

How
- How will an actionable ISP fit in with the existing regulatory framework?
- How will non network options be taken into account? How will local and regional requirements be taken into account?
Current transmission framework

Planning

Access

Economic regulation

Charging
The ISP and investment decisions

The Commission has articulated five options to address the role of the ISP. Each option strengthens the links between the ISP and the planning and decision making process for individual investments in transmission assets.

Each of the options are described in terms of the stages needed in the investment planning and decision making process, which are not unique to transmission investments.

- Each of these stages are needed so that investments (and alternatives to them) are appropriately identified, tested, costed, consulted on and assessed against the network need.

- All of the options require robust stakeholder consultation. The allocation of risk under each option needs to be considered, and mitigated or managed where relevant.

- Each of the options has implications for other aspects of the transmission framework; the regulatory changes required; and for the long-term interests of consumers.
# Role of the ISP – five options

Table 4.2: Options to strengthen the link between the ISP transmission investment decisions

<table>
<thead>
<tr>
<th>STAGE IN INVESTMENT PROCESS</th>
<th>RESPONSIBILITY UNDER EACH OPTION</th>
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<tbody>
<tr>
<td></td>
<td>1. TNSPs must consider ISP-identified needs in their TAPRs</td>
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<tr>
<td>1 Identify need</td>
<td>AEMO</td>
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<tr>
<td>2 Identify credible options that address the need</td>
<td>TNSP</td>
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<tr>
<td>3 Assess costs and benefits of credible options</td>
<td>TNSP</td>
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<tr>
<td>4 Determine “best” option</td>
<td>TNSP</td>
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<tr>
<td>5 Make decision to implement “best” option</td>
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<tr>
<td>6 Undertake detailed costing and planning for the investment</td>
<td>TNSP</td>
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<td>7 Implement the investment</td>
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TNSP control over investment

<table>
<thead>
<tr>
<th></th>
<th>Higher degree of control</th>
<th>Lower degree of control</th>
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