SUBMISSION

ENHANCING THE ISP TO SUPPORT THE ENERGY TRANSITION
ERC0395

18 JULY 2024

INTRODUCTION

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing, building materials and food processing industries. Combined our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

We make this short submission to support the intent of the three rule changes. For each rule change we make some suggestions about how the rule changes scope and impact might be extended to improve the ISP analysis and robustness of the ISP conclusions for consumers.

Better integrating gas market analysis into the ISP

We support the proposed clear direction to AEMO to undertake a detailed gas market analysis given the conclusions of the 2024 ISP for gas fired generation to 2050 – the large additional investment in gas generation and the increased peak demand for gas needed to support expanded renewables. Our main comments are around whether the proposed changes will provide the information required to properly integrate gas market factors into the development of the ODP.

While the topics for further analysis listed on p.6 (gas demand and pricing, gas infrastructure utilisation, pipeline closure or conversion dates and gas generator fuel costs) are all important, we would suggest that to properly consider these matters requires AEMO to develop the equivalent of the Transmission Cost Database for gas transport and storage. This is required to get robust forecasts of delivered gas costs, especially to southern States over the long term.

The GSOO forecast of the decline in southern States production at the same time as increased gas fired generation demand requires considerably increased supply from Queensland. This, in turn, requires a mix of expanded pipeline capacity to southern States and expanded storage in Victoria to meet the much higher peak demands.

The forecast delivered prices for high peak demand from Victorian gas fired generators needs to take account of the costs of delivering gas from Queensland with a combination of expanded North-South pipeline capacity and expanding storage in Victoria. This requires detailed cost estimates of these two options to understand the optimal mix. That should be sourced from a Gas Transmission and Storage Cost Database.

Improved demand forecasting and demand side data in the ISP

We support the proposed specific requirement to include demand side developments being driven by orchestration of CER and distributed resources.

Again, we consider that the proposed rule change could go further than what the proponent seems to envisage. This is centred around a much more explicit incorporation of the distribution network in developing the ODP. The consultation Paper says (p.12):

> "The proponent considers this will contribute to the achievement of the NEO by improving the robustness of the ISP's demand projections and, in turn, improve identification of the lowest cost development pathway for transmission."

Which can only be done by a full consideration of the role of the distribution network especially for VER and orchestration. We agree with the expansion of the current information disclosure requirements for DNSPs beyond what is currently published in the DAPR. Given access to this more granular information it is not clear why (p.13):

> "The proponent does not propose that the ODP be expanded or co-optimised to include investments in CER, distributed resources or the distribution network."

We would suggest that a failure to consider the potential for an expanded role for the distribution system in CER orchestration means consumers do not have confidence that the transmission projects in the ODP are indeed optimal. This comprehensive 'whole of system' analysis is even more important given the considerable delays and cost increases in the ISP transmission projects in the ODP. Consumers benefit from having an ISP that is indeed 'whole of system', not just transmission focussed. The information AEMO obtains from DNSPs should enable this to be achieved.

Better integrating community sentiment into the ISP

We support the proposed changes to more comprehensively include community sentiment in the ISP. We offer the following comments:

- This information should be, as much as possible, published by AEMO and be included in stakeholder engagement
- Does AEMO have the freedom to come to a different conclusion to the TNSP on the potential impact of community sentiment on the project timing? Can AEMO conclude a different 'in service' and 'full capacity' timetable than that provided by the project proponent and include that in the ODP modelling?
- AEMO should seek to measure the impact of community sentiment on project delay and project costs in a much more comprehensive way than the early stage analysis in the 2024 ISP.

Do not hesitate to be in contact should you have any questions.

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