

Submission to the Review of the Integrated System Plan (ISP) framework

Based on meeting summaries: AEMC – ISP Consumer Panel

3 March 2026 10:00am – 11:00am, 5 March 2026 10:00am - 11:00am

Attendees:

Name	Organisation
Mark Henley	ISP Consumer Panel
Jarra Hicks	ISP Consumer Panel
Bev Hughson	ISP Consumer Panel
Craig Memery	ISP Consumer Panel
Executive General Manager, Director, Principal Adviser, Senior Advisers, Adviser, Graduate Adviser	AEMC

This submission paper is based on a series of conversations in response to the questions posed in the AEMC’s Consultation Paper on the Review of the Integrated System Plan (ISP) framework. The conversations developed themes that were summarised in a PowerPoint document that the ISP Consumer Panel (the Panel) had submitted over the consultation paper.

The Panel appreciates AEMC’s efforts to accommodate Panel input, noting that the AEMC date for responses to the Consultation Paper clashed with the AEMO set date for responses to the draft 2026 ISP, which had to be the Panel’s priority.

About the Panel

The Panel is an advisory body set up under the National Electricity Rules (NER) put in place since the 2020 ISP. The Panel’s role is to bring a consumer-focused perspective to the ISP development process, having regard to consumers’ long-term interests in line with the National Electricity Objectives (NEO). AEMO appointed the 2026 ISP Consumer Panel in May 2024.

Key points

- The Panel provided feedback based on the questions in the Consultation Paper.
- The Panel generally viewed the 2026 ISP as an inflection point at which the ISP is moving from a transmission plan to a ‘whole of system’ plan, a shift that needs to continue.
- It noted the context in which the ISP is developed has changed since its inception and that the transmission-dominant approach in the first 5 ISP’s is now too narrow.
- The Panel considered that a ‘whole of system’ framework would be more appropriate for the ISP, with particular emphasis on demand-side and distribution elements of the energy system.
- The Panel emphasised the importance of the Review defining the question the ISP is intended to answer and recommended a consumer-centric focus.

Question 1 – Themes proposed in Consultation Paper

- The Panel suggested that the AEMC should consider where consumers fit in its thematic approach to the ISP Review. The NEO commences “to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity ...” the ISP has this overarching objective. “Fit for Purpose ISP” should be replaced by “ISP Enabling Best Outcomes for Consumers,” or similar. The place of consumers is not evident in the proposed themes.
- The Panel considered that the transmission planning theme should be broadened to transition planning or similar.
- The Panel suggested that the AEMC should prioritise CER in its thematic approach to the ISP Review, given the important and growing role of CER in the ISP/ ODP.

Question 2 – Reflection of purpose in the National Electricity Rules (the Rules)

- The Panel supported the intent of the ISP as a ‘whole of system’ plan but did not consider that the current framework delivers one in practice, noting actionability only extends to transmission.
 - It considered that there is a need for integrated demand and supply co-optimisation in the framework for a true ‘whole of system’ plan, supported by a solid transmission backbone. Renewable energy zones and modernised distribution networks still need to be considered.
- The Panel considered that the ISP’s output has been as a transmission plan and there are opportunities available to better utilise demand-side alternatives.
- The Panel commended the efforts of the AEMO staff to produce the first DSF statement, which is a useful step toward including distribution options in the ISP, but noted that the demand-side statement in the 2026 draft ISP:
 - uses distribution as a proxy for the demand side, which does not include a broader ‘distributed energy’ perspective and leaves an unmet gap for alternatives to the supply-side, such as energy efficiency, and consumer energy resources (CER),
 - includes substantial recommendations for increasing distribution network capacity for reducing curtailment that may prove inefficient as they have not been tested against an efficient level of curtailment, and
 - could go further to consider mid-scale generation and storage opportunities in all parts of HV distribution network, not just sub-transmission
- The Panel acknowledged that the ISP is very resource-intensive, meaning a trade-off must occur if demand-side modelling increases and noted the risk of the ISP trying to perform too many functions.
 - The emphasis should therefore be on the balance between supply-side and demand-side to address what it considered to be deficiency of focus on the

demand-side, along with the arrangement and interaction of processes and reports that most efficaciously achieves this balance.

- The Panel noted the importance of developing and integrating the ISP with other, recently developed planning processes, including the DSOO and complementary FlexCost reports. In this context, noting the complexity of the existing process to develop the ISP, the Panel cautioned against adding additional “moving” parts to the ISP framework without rationalising or streamlining others. There are likely to be opportunities to build on other existing planning documents, such as the *Electricity Statement of Opportunities*, the *Electricity Network Options Report* and the *Inputs, Assumptions and Scenarios Report (IASR)* to develop a more comprehensive and contemporary framework to support the ISP moving towards an actionable whole-of-system plan
- The Panel noted the important role the ISP plays in coordination outside of technical modelling and therefore the need to focus on effectively communicating its outputs and ensuring consumer accessibility.
- The Panel viewed the ISP overall as a very important process and supports the current two-year publication timetable. However, the Panel noted that the alignment of the Report’s timing with other publications could be enhanced, noting the many developments in the decade since the ISP was first developed and that new processes are still needed to incorporate demand side opportunities.
- The Panel viewed the 2028 and 2030 ISPs as foci for incorporating important development opportunities, This is because the current ISP is no longer up to date in considering the challenges associated with increasing transmission costs, uncertainty and social licence while CER options are becoming more viable.

Question 3 – Balance between prescription and flexibility for AEMO in the Rules

- The Panel noted the importance of balance between prescription and flexibility in the ISP’s development.
 - Generally, the Panel supported flexibility for the Australian Energy Market Operator (AEMO), acknowledging its expertise.
 - However, flexibility needs to be balanced with accountability where AEMO exercises professional judgement – with the Panel generally supportive of trusting AEMO in its exercise of and explanation of “professional judgement.”
- The Panel considered that some prescription could be focused on those areas where the ISP has historically had less of a focus, particularly in relation to demand-side modelling. The Panel also expressed a desire for behaviours of consumers and others to be more fully and flexibly considered in the ISP. For example, stronger behavioral consideration when determining the uptake of Virtual Power Plants (VPP), and a broader application of “behavioral economics.”

Question 4 - Economic Assessment Process

- The Panel expressed concern that the CBA guidelines are overly prescriptive, with too much focus on financial considerations. It suggests that the CBA guidelines should consider that some consumers are seeking non-financial outcomes, such as increasing reliability of their own supply (through CER) or achieving environmental outcomes.
- The Panel is encouraging AER and AEMO to review the CBA guideline should look to optimize the supply-side system as a whole, including the interactions of transmission and distribution systems, and generation and storage options and, in the future, (the Panel hopes) demand side-actions. The current CBA does not adequately capture these trade-offs in the ISP process.
- The Panel also suggested there is a risk that the rigor of consumer engagement with the RiT-T, RiT-D, TPIR and other related processes is reduced once a project is listed in the ISP. The Panel noted the importance of consumer engagement and consultation for all key aspects of planning processes on key projects.
- However, if this consumer engagement process is not carefully coordinated and calibrated to local circumstances, there are risks that consumer representatives become overloaded and/or frustrated with engaging in the long process of ISP and multi-stage RiT-T.

Question 6 – Meaningful stakeholder engagement in the Rules

- The Panel acknowledged the work AEMO has done on its stakeholder engagement process for the 2026 ISP and noted that the Panel was included as a core component of this approach, starting with a Consumer Panel considering the 2022 ISP.
- However, the Panel noted that areas for improvement remain, particularly as the ISP evolves to become more consumer-focused, as CER, VPPs and other innovative energy services proliferate.
 - The Panel considered that AEMO should engage with a diverse range of consumer groups, particularly those consumer groups that are less active or harder to engage, such as renters, low-income or non-CER households, as well as innovators leading new energy solutions (e.g. around community energy initiatives, VPP and other coordination providers, community/ neighborhood battery protagonists).
 - The Panel emphasized the importance of funded consumer advocate positions, in addition to the work of the Panel, to ensure that consumer voices are reflected in the ISP. Consumer advocates also play an important role in avoiding consumer fatigue.
- The Panel noted that the complexity of the ISP coupled with the paucity of resourcing for consumer focused groups also makes engagement difficult. Continuing AEMOs commitment to summary documents, plain language, webinars, verbal submission processes are useful in this endeavor. Allowing for multiple means of consumer input is valuable and will increase the likelihood of people being able to participate.

- The Panel supported embedding a principles-based requirements for consumer engagement in the Rules which should focus on the importance of consumer and stakeholder engagement throughout the ISP development cycle.
- It also noted the benefit of the two AEMO/Panel co-hosted consumer workshops, which brought key consumer groups in front of AEMO last year. There are also opportunities to leverage tools such as guidance reports, forums, and additional workshops to foster more meaningful, deeper and more deliberative engagement.
- The ISP Consumer Panel is well integrated into the ISP planning process and works well with the AEMO team to provide input into far more than the two required inputs.
- Current engagement on the ‘demand-side’ is typically centered around distributors. The Panel encouraged the ISP to seek contributions from the broad array of stakeholders with expertise and interest in the demand side. This links to the Panel’s broader views about the role of the demand-side in the ISP and whether “demand-side” should be defined in the rules.
- Many aspects of the ISP are affected by social license/ community sentiment. The ISP will benefit from continuing to consider these aspects within the planning process. AEMO has demonstrated commitment to these issues to date, and should continue to consider the ways the human aspects of the energy transition can be incorporated (e.g. community sentiment, consumer behavior and values,

Question 7 – Timeliness and quality of joint planning

- Generally, the Panel viewed that AEMO’s data capability is very strong and praised AEMO staff.
- The Panel viewed the consistent timeliness and quality of inputs across reports as critical. A key aspect of this alignment is the consistency of definitions, to ensure data-sharing is accurate.
- The Panel noted that there is a coordination challenge in the delivery of the ISP’s optimal development path, a point highlighted by AEMO in the draft 2026 ISP Executive Summary. This included timely, quality information from transmission network service providers (TNSPs) to AEMO. The Panel noted differing levels of consumer engagement and sophistication in approaches across TNSPs.
- The Panel notes AEMO also engages extensively with each of the NEM jurisdictional governments while also recognizing the complexity facing AEMO in incorporating the various jurisdictional energy plans into the planning of the ISP. For example, AEMO must attempt to develop the Final ISP and particularly to meet the net-zero GHG (GreenHouse Gas) objective, while taking account of the significant changes revealed in the Queensland Energy Roadmap in late 2025 with respect to coal generation extension and removal of interim GHG targets.

Question 8 – Flexibility and adaptability of the ISP to new information

- The Panel suggested strengthening the ability of the ISP to incorporate data as it evolves from other reports. Materiality could be a possible test for when this is appropriate.
 - An opportunity exists in the Rules to provide stricter guidance, incorporating principles of materiality and placing time limits on the date when new information can be included or excluded.
- The Panel acknowledged that AEMO may have concerns about updating or changing assumptions that have been previously consulted on and confirmed in the final IASR.
- Another framework question is about how “firming and storage” focused investors make their investment decisions. For example, ‘big battery’ operators rely on price volatility to make their money, how will they invest if electricity markets become less price volatile – due in substantial part to batteries. There is some thinking needed about economic frameworks for at least some aspects of renewable energy and gas investors, particularly for future firming and storage considerations.

Question 9 – Strengths that should be preserved

- The Panel viewed the datasets underlying the ISP as very strong.
- The Panel also highlighted strong additions to the 2026 Report, particularly the demand-side factors statement and multisector modelling, which should be retained and improved.

Question 10/11 – Other areas of prioritization

- The Panel noted that 2030 is the opportunity to rethink the approach to the ISP as the majority of transmission projects that are currently ‘actionable’ or ‘future’ projects under the ISP framework (versus transmission projects identified by the states and included as ‘actionable’ in the ISP) should be complete or well progressed, and fewer projects are expected to progress through the NER.
- The Panel emphasized the need to confirm that feedback loops and ex post mechanisms continue to work effectively, ensuring that costs claimed deliver benefits. The Panel highlighted some ‘early works’ where the transmission company has sought cost recovery from the AER, as an example of where it considers that previous reforms are not demonstrating the benefits, particularly cost control - originally envisaged.
- The Panel encouraged the AEMC to focus on principles to improve the ISP framework over prescription. For example, the Panel questioned whether the cost benefit analysis requirements remain fit for purpose if the ISP develops into a full ‘whole of system’ plan (see also answer to Question 4).
- The Panel reaffirmed its views in its submission to the *Clarifying the treatment of jurisdictional policies and system costs in the ISP* rule change that the AEMC should not be responsible for the economic and GHG reduction evaluation of jurisdictional policies currently captured in the AEMC Target Statement. However, there is a strong case for requiring the AEMC (or other independent body) to assess the costs and benefits (including GHG emission reductions) of the policies as a requirement for a policy to be

included in the Target Statement. The Panel notes and generally agrees with the recommendation of the Productivity Commission December 2025 report in this respect. Overall, there is a case for greater transparency regarding the impact of government policies and costs but we do not believe AEMO is the correct party to undertake this economic evaluation process.

- There remain many challenges with implementing the ISP, including the aspects of coordination needed to implement the ODP. The review could usefully address the role that AEMO, other market bodies and governments can and should play in coordination for effective implementation. The Panel opines that AEMO may have a “nudge” role (as described by Richard Thaler and Cass Sunstein).
- There are key messages that need to be communicated to the public as well as markets and investors, about the role that the ISP plays, the context in which it operates and the questions it is answering. Again, the role of AEMO and the potential for coordination in ‘common messaging’ would also be usefully considered by the ISP Review
- In producing the ISP, AEMO has a unique vantage point and set of expertise that we believe should be leveraged to more explicitly make recommendations back to government and regulatory bodies where they identify a gap or inadequacy in the status quo that is limiting the ability to achieve the ODP – for example, the opportunities in expanding energy efficiency efforts or providing more support for the development of a VPP market that works for consumer.

The Panel raised other matters relating to its functions

- The Panel noted that it has lodged 35 written documents as part of the 2026 ISP process. This is substantially more than the Rules requirements but has been important to ensure consumer perspectives are incorporated early.
- The Panel considered that the Rules should be updated to require it to respond to the draft IASR instead of the final IASR. The Commission may also wish to consider whether it is beneficial for the Panel to provide feedback on the methodology review and on early scenario development.
 - This also highlights the timing dilemma for consumer groups, with responses to the two major ISP processes: draft IASR and draft ISP, the latter being required over the Christmas / New Year / Holiday period. While two months might seem reasonable for consumer response with an early to mid-December release and early to mid-February response, this is ‘unfriendly’ timing for a very complex sets of documents.
 - The Panel also notes the importance of expanding its existing engagement activities with consumers. The timing of the draft ISP in particular, limits our ability to engage with consumers.
- The Panel noted that its role as a sounding board for consumers is critical, but that does not replace stakeholder engagement with consumers and advocates by AEMO and other relevant parties.

Note: Microsoft Copilot was used in the creation of this document.