

28 May 2026

Anna Collyer  
Chair  
Australian Energy Market Commission  
Level 15, 60 Castlereagh Street  
Sydney NSW 2000

Dear Ms Collyer,

**Clarifying the treatment of jurisdictional policies and system costs in the ISP Draft Determination (Ref: ERC0406)**

The Australian Energy Market Operator (AEMO) welcomes the opportunity to provide feedback on the Australian Energy Market Commission's (AEMC) Draft Determination *Clarifying the treatment of jurisdictional policies and system costs in the ISP*, which addresses perspectives raised by the Centre for Independent Studies (CIS, the proponent) regarding the treatment of jurisdictional policies and system costs in the Integrated System Plan (ISP).

**Considerations on the Draft Determination**

AEMO supports the Commission's Draft Determination not to make rules to address the issues raised by the proponent. AEMO agrees with the Commission's findings that the purpose of the ISP, as currently set out in the NER, is to contribute to the achievement of targets set by jurisdictions through our obligation to have regard to the National Electricity Objective (NEO) when undertaking our functions as specified in the National Electricity Law (NEL), in this case our National Transmission Planning function under NEL 49(2).

As the Draft Determination identifies, there are existing mechanisms that enable the ISP to consider uncertainty around the achievement of jurisdictional policies and an ability to consider and include relevant whole of system costs. Additionally, given the economy-wide impacts of jurisdictional policies, the ISP in its current form is not the appropriate publication to assess the impact of any one individual policy on electricity system costs, as well as being outside the scope of AEMO's roles under the NEL and NER.

**Broader considerations on the ISP framework**

Outside the scope of this rule change proposal, AEMO is aware of a range of stakeholder views on the current ISP framework that have been raised in a broader program of work, including the Commission's Review of the ISP framework<sup>1</sup> as well as the Energy and Climate Change Ministerial Council's (ECMC's) Review of AEMO Governance<sup>2</sup>.

The future role and purpose of the ISP over the longer term is a key area of focus for discussion amongst stakeholders through these consultations. Within this context, some key themes which have been raised by stakeholders through these reviews include clarity being required on:

<sup>1</sup> AEMC. Review of the Integrated System Plan framework. Available at: <https://www.aemc.gov.au/market-reviews-advice/review-integrated-system-plan-framework>

<sup>2</sup> Energy and Climate Change Ministerial Council. Review of AEMO Governance. Available at: <https://www.energy.gov.au/energy-and-climate-change-ministerial-council/working-groups/energy-transformation-working-group/review-aemo-governance>

- The breadth of scope of the ISP, including the level of co-optimisation across system elements.
- The role of policy in the ISP, including the role of the AEMC Targets Statement.
- Greater transparency on cost drivers and assumptions in the ISP assessment process.
- The level of 'actionability' of the ISP given uncertainty and its material cost impacts on consumers.
- Interaction between the ISP and jurisdictional frameworks.
- Governance and oversight of the delivery of the ISP.

AEMO acknowledges the views raised by stakeholders through the broader work program and looks forward to working with the Commission and all stakeholders to evolve the ISP to ensure it remains fit-for-purpose and continues to usefully inform future needs of the system in the long-term interests of consumers.

If you would like to discuss anything further, please contact Hannah Heath, AEMO Group Manager – Strategic Market Reform ([hannah.heath@aemo.com.au](mailto:hannah.heath@aemo.com.au)).

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Violette Mouchaileh', with a stylized flourish at the end.

Violette Mouchaileh  
**Executive General Manager – Policy and Corporate Affairs**