

28 May 2026

Anna Collyer
Chair
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000

Lodged electronically

Dear Ms Collyer,

Clarifying the treatment of jurisdictional policies and system costs in the ISP

Nexa Advisory welcomes the opportunity to respond to the AEMC's *Clarifying the treatment of jurisdictional policies and system costs in the ISP* Draft Determination (ERC0406).

Nexa is an advisory firm with an unwavering focus to accelerate the clean energy transition in a way that provides secure, reliable, and affordable power for consumers of all types. Nexa Advisory is a team of experienced specialists in the energy market, policy and regulation design, stakeholder engagement, and advocacy. We work with public and private clients including renewable energy developers, investors and climate impact philanthropists to help them get Australia's clean energy transition done.

Nexa supports the Commission's draft determination to not make a draft rule in response to this rule change request.

As outlined in our previous submission, the Integrated System Plan (ISP) remains a critical planning and system design roadmap for the National Electricity Market (NEM), and a vital tool which informs investors, policy makers and broader industry as we progress Australia's clean energy transition.

Nexa supports the AEMC in upholding the purpose of the ISP as a planning document, rather than a mechanism to inform, set, or assess the merits of government policy. The onus for developing and legislating policies which best meet the needs of Australians must remain on governments. This reflects the importance of AEMO remaining independent within its system planning and operation roles, and policies of the state or federal governments being informed by their own cost-benefit assessments.

We agree with the Commission's finding that the existing rules provide sufficient flexibility for AEMO to consider uncertainty in the ISP, including through sensitivity analysis.

Nexa also supports the Commission's position that relevant whole-of-system costs can already be considered under the existing framework where they are material to the development path. As noted in our previous submission, there remains value in AEMO continuing to develop the ISP Methodology to better reflect whole-of-system costs, including the costs of transmission delays, the benefits of non-network solutions, distribution network development, and consumer energy resources. However, these matters can continue to be progressed through existing ISP methodology processes, without the need for this rule change.

Nexa encourages the AEMC to direct resources and effort towards other important processes, rule changes and reviews currently underway - namely the *Review of the Integrated System Plan framework* and reforms to enhance distribution network planning and reporting. These processes are better placed to consider the evolving role of the ISP, the interaction between

transmission and distribution planning, and the practical reforms needed to support the timely, efficient and affordable delivery of the energy transition.

We reiterate previous asks made by Nexa and encourage the AEMC to consider these throughout relevant processes and reviews:

- AEMO should clearly identify the cost impacts of any delays in the timing of actionable projects, if expected timings continue to slip. This is critical to provide a clear signal that the failure to deliver transmission projects on time must be addressed. While this is not intended to directly inform policy decisions, it should support greater transparency on the consumer impacts of delayed transmission delivery.
- AEMO should consider whether a 'near-end-of-life' premium should be added to the outage rate of unreliable coal generators, given significant volatility and cost impacts of unplanned outages for these assets as they approach the end of their lives.
- There is an urgent need to better reflect the costs of augmenting the distribution network to better reflect the value of CER and how it can be used to avoid capital-intensive network augmentations. This remains a key concern which must be addressed in the upcoming Electricity Network Regulation Review.

Thank you for the opportunity to provide input into the Draft Determination. We welcome the opportunity to further discuss any aspect of our submission - please contact either myself, stephaniebashir@nexaadvisory.com.au or Jordan Ferrari, Director - Policy and Analysis, jordanferrari@nexaadvisory.com.au.

Yours Sincerely

Stephanie Bashir
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Nexa Advisory