

Discussion paper

Review of the integrated system plan framework

REVIEW

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About the AEMC

The AEMC reports to the energy ministers. We have two functions. We make and amend the national electricity, gas and energy retail rules and conduct independent reviews for the energy ministers.

Acknowledgement of Country

The AEMC acknowledges and shows respect for the Traditional Custodians of the many different lands across Australia on which we live and work. The AEMC office is located on the land of the Gadigal people of the Eora nation. We pay respect to all Elders past and present, and to the enduring connection of Aboriginal and Torres Strait Islander peoples to Country.



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Summary

- 1 The Australian Energy Market Commission (AEMC or Commission) is undertaking a review of the Integrated System Plan (ISP) framework (the Review).¹ As set out in our consultation paper, the Review presents an important opportunity to assess how the framework best contributes to achieving the National Electricity Objective (NEO).² We received 22 submissions to our consultation paper, published on 18 December 2025.³
- 2 Stakeholders expressed differing views on the purpose of the ISP, both now and into the future. We developed this discussion paper to seek feedback on which future role for the ISP would add most value to the energy system. Clarifying the purpose will then guide the choices that should be made about its planning scope and process, actionability framework and governance settings. The Commission considers this a necessary foundation that will help determine which aspects of the framework should be retained, refined or reformed.
- 3 This paper also outlines issues that stakeholders have identified with the current ISP framework that may persist regardless of the ISP's future purpose. We seek evidence on the materiality, impacts and drivers of these issues, including the extent to which they arise from features of the current regulatory framework.
- 4 We are seeking stakeholder submissions by **3 September 2026**.

An effective national framework supports an efficient power system

- 5 The Commission's vision for the future is a consumer-focused net zero energy system, that delivers reliable, secure, safe and low-cost energy for consumers.⁴ A clear and stable national planning framework benefits consumers by supporting more effective decision-making. A good plan coordinates efficient decisions on regulated investment and provides a common reference point for unregulated investments and policymakers, improving transparency and giving investors greater confidence.
- 6 The development of the ISP is a challenging task, noting especially that it is distinct from many other long-term electricity network plans because it includes the actionable ISP framework. The future energy system is shaped by complex, rapidly changing and uncertain factors, requiring sophisticated modelling.
- 7 The Commission considers that the case for coordinated, whole-of-system planning and a national delivery framework remains strong. The ISP's role in a regulatory, policy and investment context means it is critical that the Australian Energy Market Operator (AEMO) has available and makes use of the best possible information, that its outputs are accurate within reason, and that stakeholders can engage with and understand its conclusions.
- 8 Our view is the ISP remains an important and valuable tool for guiding power system development. AEMO has also continued to evolve the ISP in response to changes in the energy system. This view was reflected in most stakeholder submissions to the consultation paper. Chapter 2 of this paper sets out our analysis of the ISP framework to date and details stakeholder views on its continued importance.
- 9 The energy system is continuing to change rapidly. Generation technologies, consumer

¹ We are required to complete a review of the framework by 1 July 2027, per NER clause 11.126.10.

² AEMC, [ISP Review](#), Consultation paper, 18 December 2025.

³ See [our website](#) for submissions.

⁴ AEMC, [Strategic Narrative, A consumer-focused net zero energy system](#), September 2024

participation, government policy settings, transmission delivery arrangements and investment mechanisms have all evolved significantly since the ISP was first conceived. Governments also play a larger role in the planning and delivery of energy than when the first ISP was published in 2018, with implications for the national framework that we consider in this discussion paper.

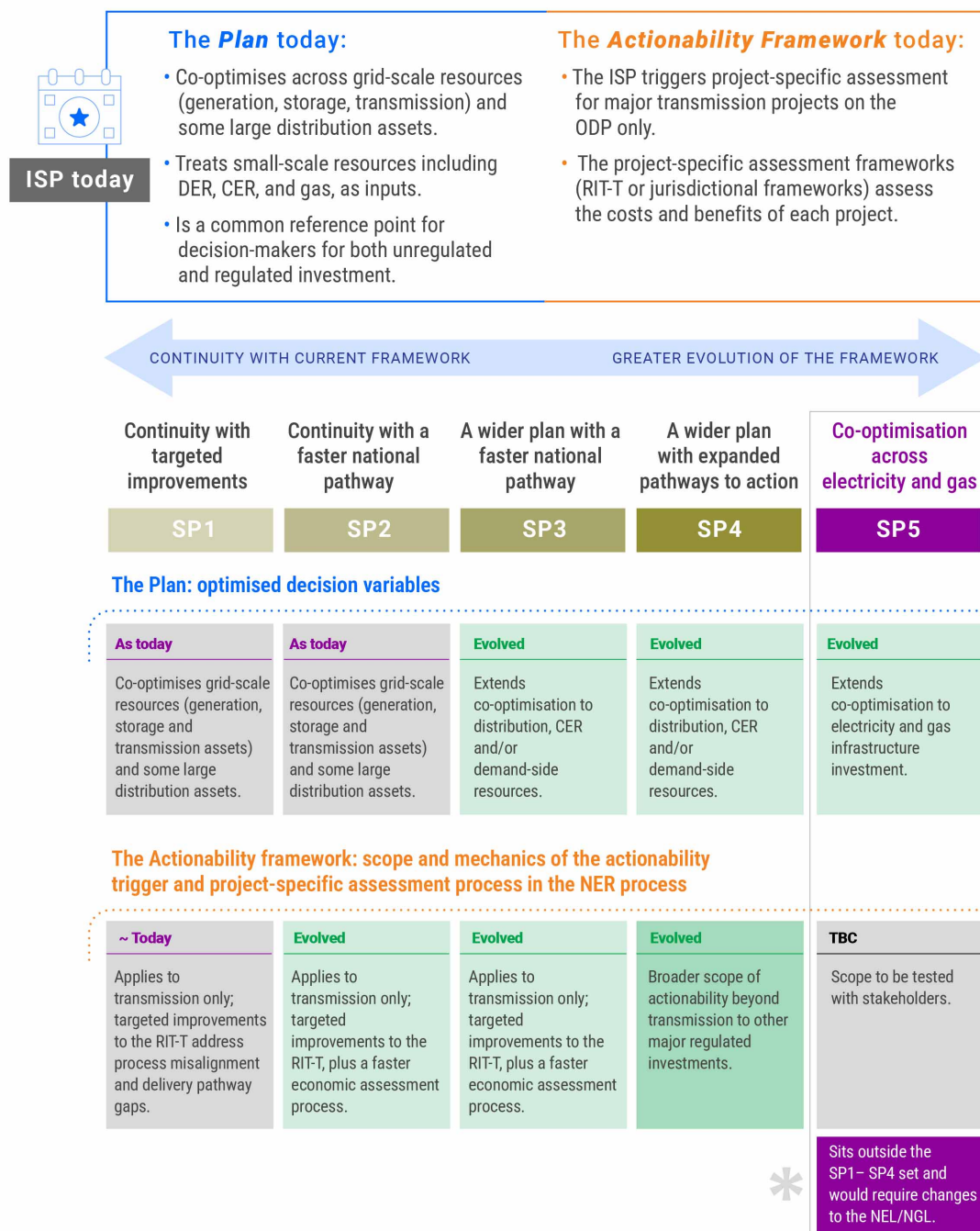
- 10 While this Review will not revisit the treatment of jurisdictional policies and system costs, issues that were recently considered through a rule change, we will consider whether and how the framework should evolve to reflect these broader changes.⁵ Chapter 3 reflects on the changes the Commission views as key to account for when considering the future purpose of the ISP.

We are seeking stakeholder feedback on the future purpose of the ISP

- 11 While the ISP has evolved in step with the energy transition, changes in the broader ecosystem raise questions about whether a more fundamental framework reform should be considered. Stakeholder submissions to the consultation paper put forward differing views on the ISP's future role, ranging from a reference point for jurisdictional and market decisions to a plan with a stronger national planning mandate.
- 12 This discussion paper seeks evidence on what future purpose for the ISP would best support the NEO by minimising coordination gaps and reducing information asymmetries across the energy system. We are interested in whether alternative future purposes could deliver additional benefits relative to the current framework, including through improved planning outcomes, the efficient delivery of regulated investment and better coordination of both unregulated and regulated investment across the energy system.
- 13 To structure stakeholder feedback, we developed four strawpeople (SPs 1-4) with differing choices on two key elements of the ISP framework, set out in chapter 4:
- **The plan:** the ISP's analytical output, which identifies a set of development paths that address power system needs. It does so by co-optimising across a selected set of resources. The optimal development path (ODP) is the plan's key output that identifies the least-cost development pathway, tested against a range of factors.
 - **The actionability framework:** this includes the actionability trigger (the mechanism through which the ISP triggers the commencement of project-specific assessment for projects on the ODP), the economic assessment process (EAP) and the feedback loop.
- 14 These features of the ISP influence the system through their impact on investment decisions in two different ways:
- Directly: As the direct trigger for selected regulated investment through the actionability framework.
 - Indirectly: As a coordinating reference point for unregulated investment, policy decisions, and regulated investment decisions made outside of the actionability framework.
- 15 We ask stakeholders to consider both pathways of impact when providing input on what purpose statement would best support an efficient future energy system.
- 16 We have also developed a fifth strawperson (SP5) with a more fundamental reform question of whether the ISP's purpose should be extended to integrated electricity and gas planning, noting that this would ultimately require amendments to the National Electricity Law (NEL) and National Gas Law (NGL), alongside broader institutional change. The Commission has not formed an initial view on SP5, but requests stakeholder feedback on the benefits and practicalities of exploring such an expansion.

⁵ See our recent final determination on the [Clarifying the treatment of jurisdictional policies and system costs in the ISP](#) rule change.

Figure 1: Strawpeople



Source: AEMC

- 17 These strawpeople are intended as illustrative, not exhaustive, examples to help frame stakeholder engagement with the question of the ISP's role in the future energy system.
- 18 Each strawperson results in unique benefits and tradeoffs, and our recommendation will take those into account along with implementation considerations. For example, any expansion of the scope of co-optimisation to include smaller-scale resources should be limited to where it can

deliver material additional value and can be credibly modelled.

- 19 We will also consider how each future purpose impacts the relationship between the national pathway and jurisdictional framework, with a view to ensuring the national framework remains a credible route for projects on the ODP.

The Commission's initial preference is for a broader plan and more effective national delivery pathway

- 20 We assessed each future purpose to identify which would deliver the most additional value relative to the current framework. Specifically, the Commission considered whether the future purpose would make the national pathway better and support more efficient decision-making, coordination and investment across the energy system by:
- more efficiently identifying, assessing and delivering projects within the actionability framework
 - further reducing information asymmetry and coordinating expectations across the sector, resulting in investment decisions outside of the actionability framework that are more timely and supportive of an efficient electricity system.
- 21 We consider that SP3, which combines a broader plan with targeted improvements to the interface between the ISP and the Regulated Investment Test for Transmission (RIT-T) and explores opportunities to streamline the project assessment process, best delivers on the above:
- A broader scoped plan results in a stronger evidence base and more resilient ODP, which strengthens the ISP as a shared reference point to be drawn on by decision-makers for regulated and unregulated investments. Enabling the ODP to assess how certain small-scale resources could be deployed most efficiently would allow it to identify a lower-cost approach for the whole electricity system, and in turn determine which of the projects that could progress through the actionability framework would support the lowest-cost outcomes for consumers.
 - Exploring opportunities to assess projects faster supports more timely delivery which could strengthen the national pathway's credibility, while retaining the existing scope of the actionability framework would focus effort on effective implementation.
- 22 We present this initial preference as a direction to test. Progressing it into a draft recommendation will be conditional on a range of factors, including:
- evidence that broader co-optimisation would materially improve the ODP by resulting in a lower-cost whole of system plan
 - whether computational capabilities will evolve to support the required modelling
 - whether there is the potential to further streamline the national project assessment pathway to improve timely and efficient delivery of regulated projects.

Stakeholders raised specific concerns with aspects of the ISP framework

- 23 Submissions to the consultation paper identified issues with the existing framework that may materially reduce the value of the ISP as a national planning tool to inform decision-making. This includes issues which may lower investor confidence and reduce the timely and efficient delivery of major investment, leading to poorer outcomes for consumers.
- 24 The Commission is focused on making the national framework as effective as possible. This includes testing reforms that would make the national pathway better across any future role for the ISP, delivering a more efficient and timely route for projects on the ODP, alongside but not in place of jurisdictional pathways.

- 25 To progress consideration of these issues, we have set them out in chapter 5 and seek stakeholder feedback on their materiality and potential solutions, noting that the solution itself may change depending on the chosen purpose. We have grouped them into three areas:
1. **Issues with the planning framework that may reduce the value of the plan to inform investment and policy decisions**, specifically issues with the ISP’s modelling and evidence base. Based on stakeholder feedback, we are not limiting our considerations to transmission planning.
 2. **Issues with the delivery framework that may reduce the timely and efficient delivery of the ODP**, in particular issues with the economic assessment framework in the National Electricity Rules (NER) that applies to actionable ISP projects not progressing through jurisdictional planning pathways.
 3. **Issues with governance arrangements that may reduce consumer and stakeholder trust in the ISP**, including issues with accessibility and stakeholder engagement with the ISP. We are particularly interested in ways to better reflect consumer outcomes in the ISP.
- 26 The issues outlined in this chapter do not represent an exhaustive list of issues that we may consider. We will also consider any new issues raised by stakeholders in response to this discussion paper.
- 27 Section 5.4 also sets out four specific issues the Commission does not propose to prioritise in the Review, as they are either addressed by other work, or in the case of the dispute resolution framework, where stakeholders told us they are fit for purpose.

Submissions are due by 3 September 2026 with other engagement opportunities to follow

- 28 The Commission invites input and evidence from stakeholders on the above issues. We will develop our draft recommendations by assessing the future purpose of the ISP and specific design decisions against the four assessment criteria set out in the consultation paper: safety, security and reliability; emissions reduction; implementation considerations; and principles of good regulatory practice.
- 29 Written submissions responding to this discussion paper must be lodged with the Commission by 3 September 2026 via the Commission’s website, www.aemc.gov.au. See the “How to engage with us” section for further instructions, other opportunities to engage with us, and contact details.

How to make a submission

We encourage you to make a submission

Stakeholders can help shape the solution by participating in the review. Engaging with stakeholders helps us understand the potential impacts of our recommendations and contributes to well-informed, high quality reforms.

How to make a written submission

Due date: Written submissions responding to this discussion paper must be lodged with Commission by **3 September 2026**.

How to make a submission: Go to the Commission's website, www.aemc.gov.au, find the "lodge a submission" function under the "Contact Us" tab, and select the project reference code **EPR0092**.⁶

Tips for making submissions are available on our website.⁷

Publication: The Commission publishes submissions on its website. However, we will not publish parts of a submission that we agree are confidential or that we consider inappropriate (for example offensive, defamatory, vexatious or irrelevant content, or content that is likely to infringe intellectual property rights).⁸

Further opportunities for engagement

There are other opportunities for you to engage with us, such as one-on-one discussions, roundtables or industry briefing sessions. Please contact us if you are interested in meeting with the project team.

For more information, you can contact us

Please contact us with questions or feedback at any stage, noting the project code.

Email: aemc@aemc.gov.au

Telephone: (02) 8296 7800

⁶ If you are not able to lodge a submission online, please contact us and we will provide instructions for alternative methods to lodge the submission

⁷ See: <https://www.aemc.gov.au/our-work/changing-energy-rules-unique-process/making-rule-change-request/submission-tips>

⁸ Further information is available here: <https://www.aemc.gov.au/contact-us/lodge-submission>

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1 Goals of the Review

Box 1: The Commission has considered stakeholder feedback and refined its approach to the Review of the Integrated System Plan (ISP) framework. Based on this work we will:

- Focus first on clarifying the purpose of the ISP
- Use that clarified purpose to assess whether the ISP's planning, delivery and governance arrangements remain fit for purpose
- Have regard to related reforms and reviews underway across the energy sector when developing recommendations
- Seek evidence from stakeholders based on this discussion paper and apply our assessment criteria to develop specific recommendations for our draft report.

The Review of the Integrated System Plan (ISP) framework (the Review) will consider how the ISP can continue to best support the National Electricity Objective (NEO). We consider the ISP contributes to the achievement of the NEO by serving as a national planning framework that supports better decision-making and coordination on investment and policies across the electricity system.

The Commission is focused on ensuring the national framework delivers the greatest possible value for consumers as the electricity system continues to evolve. This includes considering any changes to the ISP framework that would improve and make the national pathway a more credible, efficient and timely route for projects on the optimal development path (ODP) to complement or sit alongside jurisdictional pathways.

This chapter sets out:

- the purpose of this discussion paper and evidence we are seeking from stakeholders to inform the development of recommendations for the Review (section 1.1)
- our approach to the Review, including how stakeholder feedback has informed our views (section 1.2)
- how this review intersects with other reforms underway (section 1.3)
- the next steps for the Review, including the three workstreams we will use to progress our work (section 1.4).

To assist stakeholders in engaging with this discussion paper, Appendix C explains the terminology we have used. It provides plain-language descriptions of key ISP concepts and distinguishes between how terms are used in this Review and their current status under the existing ISP framework.

1.1 This discussion paper seeks evidence from stakeholders to inform the development of specific recommendations for the Review

This discussion paper sets out the Commission's considerations on the ISP framework, in light of the evidence provided by stakeholders to the consultation paper and engagement on the Review to date. Stakeholder feedback to the consultation paper highlighted broad support for the ISP and its continued role in guiding the energy transition. However, stakeholders also expressed different views on the purpose of the ISP - both now and into the future. Therefore, this discussion paper

focuses first on clarifying the purpose of the ISP. This would subsequently determine the extent to which changes should be made to various aspects of the framework relating to planning, delivery and governance.

This discussion paper tests ideas and will gather evidence, rather than providing specific reform directions. Using the evidence gathered through this discussion paper, we will develop and assess our recommendations against the assessment criteria set out in our consultation paper.⁹

The Commission is considering whether alternative future roles for the ISP would provide additional value relative to the current framework. This discussion paper calls for evidence on the extent to which broader optimisation across the electricity system and different approaches to actionability and project assessment would improve planning and investment outcomes. Stakeholder feedback will inform our assessment of whether the potential benefits of these alternative ISP roles would justify introducing additional complexity to the framework.

The Commission invites submissions and engagement from stakeholders on this discussion paper. We welcome evidence that supports, challenges or refines the observations and suggestions presented in the paper and responds to the specific questions raised. We also encourage bilateral engagement where relevant evidence is confidential or commercially sensitive.

1.2 Stakeholder feedback generally supported the role the ISP performs and highlighted the need to clarify its purpose

The consultation paper set out our proposed approach to the Review, which grouped key aspects of the ISP rules framework into six themes. We received 22 submissions to the consultation paper, and engaged in extensive stakeholder discussions while developing our positions for this discussion paper.¹⁰

While stakeholders expressed a wide range of views on the future direction of the ISP, several consistent messages emerged. Stakeholders generally support retaining the ISP, while also identifying a number of opportunities for improvement. Additionally, stakeholders held different views on what the ISP is ultimately intended to achieve and what role it should play in the future. These differences have significant implications for the design of the framework.

Based on that stakeholder input, we consider that clarifying the purpose of the ISP is a crucial first step in this Review. We note stakeholders also provided detailed feedback on specific approaches to modelling, framework design, rule drafting and other matters. We consider these issues are best assessed once there is greater clarity on the purpose of the ISP and broader policy direction, and will return to them in the draft report.

1.2.1 Stakeholders agree the ISP is a valuable tool

Feedback to the consultation paper identified that most stakeholders support the ISP as a central planning framework, but consider there are opportunities for improvement. There were consistent themes about the characteristics the ISP framework should have, such as transparency, consistency, accountability and resilience to change.

The majority of stakeholders value the ISP as a central source of modelling inputs and assumptions that provides an outlook about the future of the energy transition.¹¹ These stakeholders noted that the information presented in the ISP acts as a key reference point for

⁹ For further information on the requirement to complete the review, and its scope, see appendix A.

¹⁰ See the AEMC [website](#) for submissions.

¹¹ Submissions to the consultation paper, including: CS Energy, p. 1; ECA, p. 1; EnergyAustralia, p. 5; ENA, p. 2; Hydro Tasmania, p. 1.

industry, policy and operational decision-making. Some stakeholders, such as the EEC, referred to the complexity involved in the ISP's production, noting high regard for AEMO's modelling.¹²

Most stakeholders, including networks and generators/retailers, supported the ISP's role in guiding investment and delivering actionable projects, noting that some stakeholders, including consumer groups, regard the framework as too focused on transmission.¹³

These comments support the Commission's initial position that the ISP will remain a valuable and necessary tool into the future, further discussed in chapter 2.

1.2.2 However, stakeholders held different views on the ISP's purpose

Although stakeholders broadly supported retaining the ISP, there is a breadth of views on the ISP's purpose and whether the ISP should be refined or reformed through this Review process. AEMO and Energy Consumers Australia (ECA), along with other stakeholders, consider that clarification of the ISP's role is a necessary precursor to the Review.¹⁴ Additionally, stakeholders may have differing interpretations of the scope of a whole-of-system plan, as flagged in JEC's submission raising concerns about misalignment between the existing purpose in the rules and the current output of the ISP.¹⁵

Stakeholder views on the purpose or scope of the ISP fall broadly under two groups:

- **The ISP should guide decisions across the entire electricity system, including smaller-scale resources.** These stakeholders affirm the central role of the ISP and suggest that the ISP's scope of co-optimisation be expanded beyond transmission to include electricity distribution, generation and demand-side resources or encompass the energy system more broadly to include gas.¹⁶
- **Largely retain the current scope of the ISP and focus on targeted, practical improvements.** These stakeholders generally view the current framework as fit for purpose and instead focus on the practical improvements to ISP processes (eg. range of inputs or scenarios used for modelling).¹⁷

These perspectives on the purpose of the ISP would influence differing conclusions regarding modelling, governance arrangements, actionability mechanisms and accountability structures. Addressing these issues in isolation would risk an ongoing lack of clarity about the ISP's purpose in the evolving energy system and miss an opportunity to ensure it is fit for purpose.¹⁸ For this reason, the Commission considers that clearly articulating the ISP's purpose should occur before considering many of the more detailed design questions raised during consultation. This is discussed in chapter 4.

1.2.3 Stakeholders also provided input on improvements that could be made to the ISP framework

Alongside feedback on purpose, stakeholders identified a range of practical improvements that could strengthen the ISP framework. These included improving transparency, strengthening treatment of uncertainty and delivery risk, enhancing information sharing between planning bodies, improving stakeholder engagement and refining aspects of the actionability framework.

12 EEC submission, p.1.

13 Submissions to the consultation paper: JEC, p 4; SAPN, p 2.

14 Submissions to the consultation paper: AEMO, p.3; ECA, pp. 2-3; Grattan Institute, p. 11.

15 JEC, Submission to the consultation paper, p. 8.

16 Submissions to the consultation paper: JEC, pp. 3-6; Grattan Institute, p. 8; SAPN, pp. 1-2; Essential Energy, p. 1; Ausgrid, p. 1; Nexa Advisory, p 1.

17 Submissions to the consultation paper: AEC, pp. 1-3; ECA, p. 1; ENA, pp. 1-3; EnergyAustralia, p. 1; Hydro Tasmania, p. 1.

18 Submissions to the consultation paper: ECA, p. 2; Grattan Institute, p. 11; Hydro Tasmania, p. 3.

The Commission considers these issues would likely warrant attention regardless of which future purpose statement is ultimately adopted. While the most appropriate long-term solution may depend on where stakeholders and the Commission land on the ISP's future purpose, these issues appear relevant across multiple possible future roles for the ISP. These issues are discussed further in chapter 5.

1.3 This review intersects with other reforms underway or recently completed

As the ISP is a broad planning instrument, this Review is naturally progressing alongside several other related processes that may have some overlap. The Commission is conscious of stakeholder interest in how these reforms will intersect, and the importance of ensuring that any final recommendations from this Review take other reform processes into account.

We note recent or current work by the Commonwealth and the Energy and Climate Ministerial Council (ECMC) on the AEMO Governance review, Electricity Services Entry Mechanism (ESEM), and the establishment of a Demand-side Statement of Opportunities (DSOO).¹⁹ As these reforms are currently under consideration or further development, we have been unable to factor those into our positions for this discussion paper. However, we anticipate that updates on each of these reforms are likely to be published while we are developing our positions for the draft report, and we will take those into account. We do not view that any of these reforms would negate the important work of determining the appropriate future purpose of the ISP, or alter our foundational position that the ISP will remain a valuable tool into the future.

Additionally, the Commission has multiple rule changes and reviews underway or recently completed, which may have connections to this work, or which have contributed to initial views in this discussion paper. These include:

- **Clarifying the treatment of jurisdictional policies and system costs in the ISP final determination:** We are not revisiting the treatment of jurisdictional policies and system costs through this Review, as these issues were considered through this recently completed project. The Commission explored a proposal relating to the treatment of jurisdictional emissions reduction targets and policies, whole of system costs, and the publication of information in the ISP. Ultimately, the Commission decided that a rule change was not required to address the issues raised by the proponent as it would be inconsistent with the governance arrangements of the national electricity framework, can already be considered under the current rules, would increase costs for limited benefits, and would not support the achievement of emissions reduction targets.
- **Security Framework Enhancements rule change:** We are not examining changes to how the ISP identifies, assesses or procures system security services as part of this Review. Issues related to planning, assessment and procurement of system security services, including how this interacts with ISP planning, are currently being considered by the Commission in a separate rule change. Where relevant, we will take the outcomes of that process into account.
- **Enhancing distribution network planning reporting (ENDPR) rule change:** The Commission has published a final determination on the ENDPR rule change, establishing a new Distribution Network Development Plan framework to improve the transparency, consistency and coordination of distribution network planning. Among other things, the final rule strengthens alignment between distribution planning and the ISP by requiring distribution network service

¹⁹ Further details on each of these is provided in appendix A.

providers (DNSPs) to adopt a longer-term planning horizon, have regard to AEMO's inputs, assumptions and scenarios, and provide more consistent information on network developments and demand-side opportunities. This Review will not revisit the reforms introduced through the ENDPR rule change process. However, in considering changes to the ISP framework through this Review, we will have regard to the outcomes of that rule change and any implications for the coordination of transmission and distribution network planning frameworks.

Further details on these projects and other related AEMC workstreams, such as the Electricity Network Regulation Review, are set out in Appendix A.

1.4 A clarified ISP purpose and stakeholder feedback will inform our assessment of other aspects of design and delivery

Clarifying the purpose of the ISP is the foundation for the next phase of work. A clearer purpose statement will provide a framework for assessing whether the current planning, delivery and governance arrangements remain appropriate, informed by matters outlined in chapter 5 and section 1.3 above.

It will help identify:

- which issues are most material
- which reforms best support the ISP's intended role
- where changes may be required, and design solutions
- where existing arrangements remain fit for purpose.

Feedback received through this discussion paper will therefore inform our recommendations on the broader ISP framework.

The next step in this process will be a draft report, which we anticipate publishing in December 2026. The Commission is aware that related workstreams, both internal and external, may also be seeking stakeholder feedback at that time. We will take that into consideration when determining timeframes for publication and consultation.

1.4.1 We will progress our work across three workstreams

We continue to consider that the themes identified in the consultation paper provide a helpful framing, including to identify general principles that the ISP should deliver on such as transparency and stakeholder engagement.

However, we have updated our approach to how we will group the issues to be considered in the Review, which will now focus on three workstreams, underpinned by a focus on delivering outcomes for consumers through the NEO.

These changes are intended to make it easier for stakeholders to engage, and to respond to stakeholder comments on the themes, including:

- Distribution network businesses submitted that the transmission planning theme should be broadened to explicitly recognise the role of distribution network planning, rather than focusing solely on transmission. This is reflected in the broader planning workstream, and is also being considered in our questions of purpose and scope explored in chapter 4.²⁰

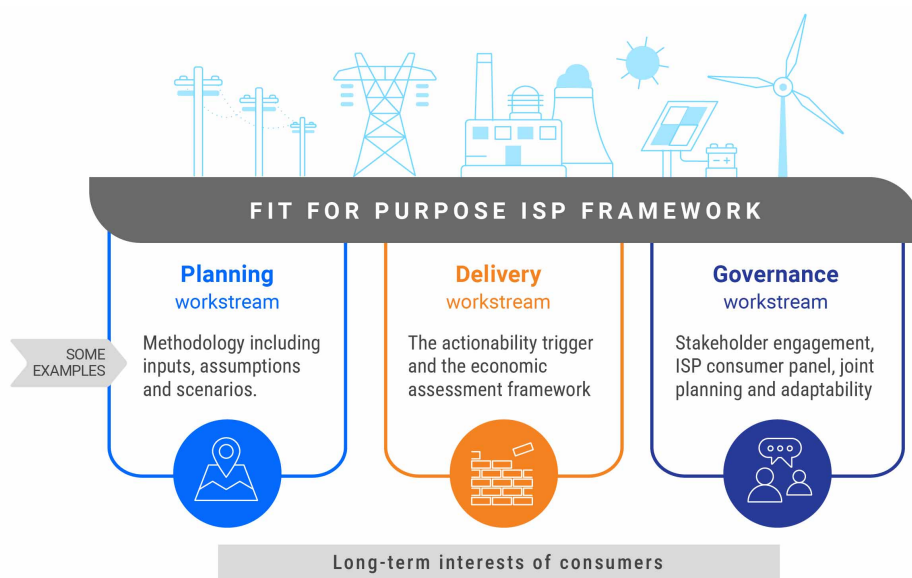
²⁰ Submissions to the consultation paper, SAPN, pp. 1-2; Ausgrid, p. 3; Essential Energy, p. 1.

- Some stakeholders considered the themes should place greater emphasis on consumer outcomes and the appropriateness of the ISP for engaging with stakeholders. Consumer outcomes is an overarching requirement of a fit for purpose ISP, and we will consider that throughout all workstreams, while specific questions of consumer engagement are captured under the governance workstream.²¹

Once the purpose of the ISP has been clarified, we plan to progress these workstreams in parallel. For each workstream, we will consider whether the current rules support the clarified purpose into the future, or what changes to the ISP framework may be required to deliver on the purpose. In doing so we will draw on the feedback provided by stakeholders to both the consultation paper and this discussion paper.

The diagram below shows the purpose statement will inform the three workstreams, and how the themes from our consultation paper map across to the workstreams.

Figure 1.1: The purpose statement will inform the three workstreams



Source: AEMC.

1.4.2 We will apply our assessment framework to develop recommendations

The Commission will use the assessment criteria of this review to assess the evidence provided by stakeholders. These assessment criteria are set out in our consultation paper and will inform our consideration of any specific recommendations to clarify the ISP's purpose and any improvements to planning, delivery and governance arrangements.²² The assessment criteria are:

- Safety, security and reliability** - We will consider whether our recommendations would enable the reliable, secure and safe provision of energy at an efficient cost to consumers over the long term. We will also consider whether our decisions promote the efficient operation and use of, and investment in, generation facilities, load, storage, networks and other system service capabilities.

²¹ Submissions to the consultation paper, ISP Consumer Panel, p. 2; JEC, p. 5.

²² AEMC, [Consultation paper](#), pp. 33-34.

- **Emissions reduction** - We will consider whether our recommendations would efficiently contribute to achieving government targets for reducing Australia's greenhouse gas emissions.
- **Implementation considerations** - We will consider the practicality of developing and implementing proposed recommendations, including how they may interact with other reforms and how they would apply across National Electricity Market (NEM) jurisdictions. We will also consider the cost and complexity of implementing recommendations, including ongoing regulatory and administrative costs.
- **Principles of good regulatory practice** - We will consider if our recommendations promote predictability and stability in the regulatory framework, underpinned by a principles-based approach. We will also consider the broader direction of our proposals with other reforms underway and whether our recommendations provide transparency for all stakeholders.

We have set out and considered stakeholder feedback on the assessment criteria in appendix A.

Using the assessment criteria, the Commission will draw on a range of evidence, including from stakeholders, to develop recommendations that, for example:

- consider the extent to which the range of future purposes of the ISP would deliver additional benefits relative to the current framework, taking into account any costs or risks.
- weigh the trade-offs between various design options across various aspects of the ISP, such as the extent of co-optimisation in the ISP or any changes to the actionability framework
- articulate the ongoing value of the ISP as a national framework into the future.

2 The ISP remains a valuable tool

Box 2: The Commission has considered stakeholder feedback and undertaken further analysis of the ISP framework. Based on this work, our preliminary view is that:

- The case for coordinated, whole-of-system planning and a national delivery framework remains strong.
- The ISP remains a valuable tool to influence the development of the power system, including through:
 - directly triggering and coordinating regulated transmission investment through the actionability framework.
 - indirectly supporting the coordination of unregulated investment, policy decisions, and regulated investment decisions made outside of the actionability framework.
- Stakeholders agree they rely on the ISP as an input into key decision-making and that it remains a valuable tool for the future.

The Commission considers that a centralised plan and national delivery framework for the NEM will continue to be necessary to support a coordinated and orderly transition.

Stakeholder submissions to this Review, findings from other recent reviews of the ISP, and the Commission's own analysis consistently indicate that the ISP is a valuable tool in supporting coordinated planning for the NEM. Together, this evidence supports the conclusion that the ISP should continue. As a result, the Commission is not considering a recommendation to remove the ISP as part of this Review.

This chapter provides an overview of how we have assessed the ISP's performance to date and its ongoing value. This chapter:

- explains why the ISP framework was introduced, and how it was intended to improve coordination and minimise information asymmetry (section 2.1)
- outlines the value of the ISP and why the underlying objective remains relevant (section 2.2).

While the evidence supports retaining the ISP's core role, the Commission recognises that the environment in which the ISP operates is continuing to change. The scale of the transition, increasing electrification, emerging technologies and evolving policy objectives are creating new challenges for the framework. Jurisdictional planning and delivery frameworks raise questions about the role of a national framework and may point to opportunities for its improvement. Chapter 3 discusses how these changes have altered the context in which the ISP operates. Chapter 4 therefore considers how the ISP framework may need to evolve to remain effective through the 2030s and beyond, while preserving its central role in supporting coordinated, whole-of-system planning across the NEM.

2.1 The ISP framework was designed to improve coordination and minimise information asymmetry to lower infrastructure costs for consumers

The ISP was designed to improve:

- **Coordination:** Transmission planning had historically occurred on a jurisdictional or project by project basis without the national co-optimisation modelling used today. NEM-wide considerations were already being accounted for through joint planning, rather than a formal centralised mechanism. The need for national co-optimised modelling became more apparent in the context of emerging renewable generation investment and renewable energy zone (REZ) development.
- **Information asymmetry:** Unregulated investment decisions were made by individual market participants with limited visibility of future network development. Generation developers had imperfect information about future developments elsewhere in the system, including likely transmission expansion and other generation investment decisions. This created a risk that investment decisions would not align with broader system needs or opportunities.

The ISP was introduced following the 2017 Finkel Review, building on the coordination role of the National Transmission Network Development Plan (NTNDP). While the NTNDP provided a strategic assessment of transmission development, it did not take the coordinated, whole of system approach the Finkel Review considered necessary to plan for thermal generation exit and the integration of REZs.²³

The Finkel Review considered that there were opportunities to improve network planning through a more centralised approach.²⁴

In response, the ISP was introduced in 2018 as a central planning instrument for the NEM. Under the NER, its purpose is:

“To establish a whole of system plan for the efficient development of the power system that achieves power system needs for a planning horizon of at least 20 years to contribute to achieving the national electricity objective.”²⁵

The ISP was designed to improve coordination and information asymmetry through two mechanisms.

1. It identifies actionable transmission projects necessary to meet power system needs while optimising whole-of-system net market benefits, and triggers the regulatory funding pathway for these projects.²⁶ This mechanism enables the ISP to **directly influence** regulated investments within the NEM. The intent behind this process is to coordinate investment through the Optimal Development Path (ODP), rather than relying on individual marginal investment decisions.²⁷
2. The ISP reduces information asymmetries across the NEM by expanding on the level of detail used in the NTNDP.²⁸ The ODP, the Inputs, Assumptions and Scenarios Report (IASR) and the broader datasets the ISP publishes provide a shared evidentiary base for non-transmission

23 Commonwealth of Australia, [Independent Review into the Future Security of the National Electricity Market: Blueprint for the Future](#) (Finkel Review), 2017, pp. 122-124. AEMC, [Consultation paper](#), p. 7.

24 Commonwealth, [Finkel Review](#), 2017, pp. 122-123.

25 NER clause 5.22.2.

26 AEMC, [Consultation paper](#), p. 19-22.

27 Commonwealth, [Finkel Review](#), 2017, p. 123.

28 AEMC, [Consultation paper](#), p. 7.

investment decisions, particularly generation and storage. This means the ISP **indirectly influences** both unregulated investments and regulated investments which fall outside the actionability framework, as market participants utilise the plan's information in their decision-making.

For more detail on the history of the ISP, please refer to our consultation paper on the Review of the ISP framework.²⁹

2.2 The ISP has performed its role as a plan for the electricity sector and its underlying goal remains relevant

The ISP has effectively influenced the development of the power system by:

- directly triggering and coordinating regulated transmission investment through the actionability framework. As explained in section 2.2.1, the ISP has initiated the delivery of several major transmission projects needed to meet power system needs.
- indirectly supporting the coordination of unregulated investment, policy decisions, and regulated investment decisions made outside of the actionability framework. As explained in section 2.2.2 and section 2.2.3, the ISP supports stakeholders to make several investment and policy decisions across the NEM.

Stakeholders view the ISP as a trusted plan that coordinates investment in Australia's electricity sector, and gives industry, governments and consumers confidence in the efficient development of the power system over the long term to promote the long-term interests of consumers.³⁰ The 2024 DCCEEW review of the ISP found that the ISP plays a critical role in coordinating investment across the NEM at a time when markets face the profound challenge of delivering net-zero emissions by 2050 at least cost to consumers — all while maintaining reliability through ongoing market and technology uncertainty.³¹

The scale, pace and complexity of the transition mean that planning decisions are increasingly interdependent across technologies, jurisdictions and timeframes. Energy is also becoming more interconnected with other sectors and policy areas, such as transport, land use and regional development, which increases the number of stakeholders and decisions that shape system outcomes.³² No single market participant, jurisdiction or regulatory process can optimise across these variables in isolation. Coordinated planning, of the kind the ISP provides, reduces information asymmetry across the market and lifts investor confidence — and that confidence flows to consumers through more efficient investment decisions. The DCCEEW review found that “with the right settings, the ISP will gain further influence in providing coherent planning and setting the energy transformation agenda for investors, governments and the public.”³³

The ISP has also grown in step with the transition. The 2026 ISP expanded its scope to more explicitly consider how grid-scale infrastructure, consumer energy resources (CER), distribution networks and gas markets interact — a recognition that these dimensions can no longer be planned separately. At the same time, the ODP has proved to be robust, as most projects have remained in the project pipeline over successive ISPs.³⁴ This capacity to evolve while maintaining its core function as a durable plan is one of the ISP framework's most important strengths.

29 AEMC, [Consultation paper](#), Chapter 2.

30 Submissions to the consultation paper: Energy Networks Australia (ENA), p. 15; EnergyAustralia, p. 5; Hydro Tasmania, p. 1; CS Energy, p. 1.

31 DCCEEW, [Review of the Integrated System Plan: Final Report](#), 2024, pg. 6.

32 AEMC, [A consumer-focused net zero energy system](#), 2024, p. 13.

33 DCCEEW, [Review of the Integrated System Plan: Final Report](#), 2024, p. ii.

34 AEMO, [Integrated System Plan, 2026](#), pp. 6, 19, 22.

2.2.1 The ISP continues to directly trigger the delivery of grid-scale investment

As explained in section 5.4.4, transmission network service providers (TNSPs) have an exclusive right to build, own and operate transmission solutions in the NEM, but no obligation or incentive to deliver transmission projects within a specific timeframe.

After the publication of the first ISP, the ESB recommended an actionability framework that made the ISP a trigger for actionable ISP projects, which took effect from the 2020 ISP.

This actionability framework replaced the Commission's ability to direct a TNSP to undertake a Regulated Investment Test for Transmission (RIT-T) where we expected an inter-regional constraint would not be addressed by a TNSP.³⁵ Instead, under the actionability framework, AEMO can require TNSPs to undertake a RIT-T for actionable ISP projects and publish a project assessment draft report (PADR) within a timeframe specified by the ISP.

The actionability framework strengthens the connection between the planning and delivery of key national infrastructure by supporting the delivery of transmission to better align with the optimal timeframes specified in the ISP. Additionally, the actionable framework improves the timeliness of the planning process by removing the requirement on TNSPs to prepare a project specification consultation report (PSCR) before publishing a PADR.

Under this framework, the ISP identifies a project as actionable and the relevant TNSP undertakes a project-specific assessment through the RIT-T, considering costs and benefits of credible options to deliver the project. If the RIT-T identifies a preferred option, the TNSP submits a contingent project application (CPA) to the Australian Energy Regulator (AER) to recover project costs through regulated revenue from consumers. This chain (ISP identification, RIT-T assessment, AER approval and revenue recovery) is what gives the actionability framework its direct effect on regulated investment outcomes.³⁶ These changes supported the timely and efficient delivery of projects in the ODP, increasing the direct influence of the ISP on regulated investment in the NEM.³⁷

Since the 2020 ISP, the actionability framework has triggered and supported the delivery of multiple transmission investments identified in the ODP. For example, the ISP has triggered the commencement of RIT-Ts including for Marinus Link and VNI West.³⁸ Several RIT-Ts have been completed in respect of actionable ISP projects.³⁹ The 2026 ISP lists multiple actionable ISP projects that are either already progressing or are expected to progress through regulatory processes.⁴⁰

Whilst multiple projects have commenced RIT-Ts as a result of being made actionable by the ISP, the Commission acknowledges challenges to the timely completion of the RIT-T and the delivery of projects. The Commission recognises that there are multiple factors which contribute to project delays that are beyond the actionability framework including supply chain risks and labour supply issues.⁴¹ We consider that the ISP remains an important trigger for project delivery, despite risks to timely delivery and the development over time of jurisdictional planning frameworks.

35 Energy Security Board, [Recommendation for National Electricity Amendment \(Integrated System Planning\) Rule 2020, Decision Paper](#), March 2020, p. 21.

36 For further information on the actionable framework, see AEMC, [Consultation paper: Review of the ISP framework](#), pp. 19-23.

37 AEMO, [Integrated System Plan, 2026](#), p. 22.

38 AEMO, [Integrated System Plan, 2022](#), p. 61.

39 RIT-Ts for QNI Minor, VNI Minor, EnergyConnect, Marinus (Stage 1), HumeLink, VNI West and Western Renewables Link have been completed.

40 For example, TransGrid are currently producing a project assessment draft report for [Sydney Ring South](#), which is the first step of the RIT-T. See AEMO, [Integrated System Plan, 2026](#), p. 19 for a full list of actionable projects.

41 AEMC, [Final determination: Bringing early works forward to improve transmission planning](#), p. 7.

2.2.2 The ISP continues to indirectly support investment decisions in the NEM

The ISP plays a role in unregulated investment decision-making by providing market participants with a long-term, whole-of-system view of future developments across the NEM within the constraints of the model. This information is relied upon as a data source by a variety of market participants, such as jurisdictional planners and network service providers.⁴² For further information on the ISP's expanding role, see chapter 3.

As outlined in our consultation paper, the ISP's modelling supports many processes outside of the actionability framework, including systems security frameworks and various governmental schemes.⁴³ In response to our consultation paper, stakeholders further emphasised the value of the ISP as a central source of information for many sectors (see below).

Investor groups have publicly emphasised the ISP's value as an investment signal. For example, the Clean Energy Investor Group welcomed the Draft 2026 ISP "as a credible and transparent roadmap... and a critical signal to investors of whether Australia can continue to attract domestic and foreign capital at the scale required to deliver the transition at least cost."⁴⁴ Additionally, the Australian Financial Markets Association emphasised the importance of the ISP for the market when identifying the location of generation investments.⁴⁵

We invite further stakeholder feedback on the value which the ISP provides for unregulated investment decision-making.

2.2.3 Stakeholders agree that the ISP remains a valuable tool for the future, but changes could improve its value

Submissions to our consultation paper showed that stakeholders across the sector recognise the ISP's value as a planning tool — one that identifies efficient development pathways, triggers regulatory investment processes through the RIT-T, and informs a wide range of market participants, from network businesses and investors through to governments and communities.⁴⁶ ENA described the ISP as "the only NEM-wide plan that systematically compares and identifies trade-offs between different types of networks and investment across different jurisdictions, providing a comprehensive view of transmission development over a 20-year horizon and gives stakeholders confidence that the system is not being over-built." EnergyAustralia noted that "the ISP is internationally regarded as a leading exercise in integrated power system planning. Without it, the transition would likely be more fragmented, costly and prone to stranded assets." Similarly, Hydro Tasmania said that the "ISP remains essential to informing coordinated decisions across generation, storage, transmission and demand. Its value lies not in prescribing a single future, but in providing a credible, shared framework for testing policies and investment pathways under uncertainty." CS Energy said "the ISP is the most significant body of work produced by the NEM, and forms an integral part in the planning, investment and delivery of critical infrastructure required to support the transition to net zero."⁴⁷

On the value of the actionability framework, EnergyAustralia "consider[s] the ISP's role...to be highly valuable, particularly the mechanism that links planning to regulation through the actionable

42 AEMC, [Consultation paper: Review of the ISP framework](#), pp. 10-11; DCCEEW, [Review of the Integrated System Plan: Final Report](#), p. 16.

43 AEMC, [Consultation paper: Review of the ISP framework](#), pp. 10-11.

44 Clean Energy Investor Group (CEIG), [submission to the Draft 2026 ISP](#) p. 1.

45 Australian Financial Markets Association (AFMA), [submission to the ESB post-2025 Market Design Options Paper](#), June 2021. p. 3.

46 AEMC, [Consultation paper](#), 2026.

47 Submissions to the consultation paper: Energy Networks Australia, p. 15; EnergyAustralia, p. 5; Hydro Tasmania, p. 1.; CS Energy, p. 1.

ISP, the RIT-T process and the associated feedback loop.” ENA’s view is “the current economic assessment process strikes an appropriate balance between timeliness, flexibility and rigour.”⁴⁸

The majority of submissions that called for reform to the ISP’s scope and methodology did so from the premise that the ISP should be strengthened, not replaced. Energy Consumers Australia described the ISP as playing “a critical role in influencing the future of Australia’s electricity system, and in shaping the costs and opportunities available to consumers” and supported “any efforts to improve the ISP, make it robust and transparent, and instil stakeholder confidence.” The Tasmanian Small Business Council stated that “ISP framework reforms that strengthen transparency, cost attribution, regional analysis and governance will improve economic efficiency, better align with the NEO and better protect small business consumers.”⁴⁹

This view was not unanimous. A small number of submissions questioned whether the ISP’s current methodology and institutional design can deliver an optimal outcome at all, rather than proposing refinements to the framework.⁵⁰ On balance, however, the weight of submissions support reform directed at strengthening the ISP’s methodology and governance, rather than replacing the framework itself.

Taking these stakeholder quotes as a collective, this evidence points to a consistent conclusion: the case for coordinated, whole-of-system planning in the NEM remains strong and the ISP continues to provide a credible framework for navigating complexity, managing uncertainty and aligning decision-making across the sector.

2.2.4 The ISP gives effect to AEMO’s role as the national transmission planner under the law

The ISP serves as the primary mechanism through which AEMO performs its national transmission planning functions under the National Electricity Law (NEL).⁵¹

In response to our consultation paper, a small number of stakeholders proposed alternative institutional arrangements or raised concerns about AEMO’s independence. However, these views were not widely reflected in stakeholder submissions.⁵² The Commission notes that the AEMO Governance Review, commissioned by the ECMC, is separately examining AEMO’s governance arrangements and ongoing planning functions.⁵³ We will consider any outcomes of the AEMO Governance Review when developing our draft report for this Review.

Additionally, we note that some of the potential futures of the ISP considered as strawpeople in chapter 4 may have implications for roles and responsibilities, and we will consider these as this Review progresses.

Question 1: The ongoing role of the ISP

- Are there additional benefits provided by the ISP that are not explored in this chapter?

48 Submissions to the consultation paper: EnergyAustralia, p. 1.; Energy Networks Australia, p. 8.

49 Submissions to the consultation paper: Energy Consumers Australia, p. 1.; Tasmanian Small Business Council, p. 11.

50 Submissions to the consultation paper: Centre for Independent Studies, pp. 1-2; Policy Institute of Australia, pp. 36-39.

51 NEL, Section 49 (2), sets out AEMO’s functions as national transmission planner, including providing a national strategic perspective for transmission planning and coordination.

52 Submissions to the consultation paper: Centre for Independent Studies, pp. 1-2; Policy Institute of Australia, p. 36; Tasmanian Small Business Council, p. 9.

53 DCCEEW, [Review of AEMO Governance](#), 2026.

3 The context in which the ISP operates has changed over time

Box 3: The Commission recognises that the energy sector has changed since the ISP was first published.

Since the inception of the ISP:

- Governments have taken a more active role in shaping energy system outcomes through emissions targets, renewable energy policies, procurement programs and jurisdictional planning frameworks, which means additional constraints must now be factored in when developing the ODP.
- Major energy infrastructure projects face increasing delivery challenges, including social licence, environmental approvals, workforce constraints and supply chain pressures.
- The ISP is relied upon by a broader range of stakeholders for purposes beyond transmission planning, including informing unregulated and regulated investment decisions by network businesses, generation and storage proponents, governments and other market participants.
- The energy system is becoming more distributed and complex, driven by the growth of CER, storage technologies and changing demand patterns. As generation and storage are deployed across more locations throughout the network, transmission planning is becoming increasingly interdependent with decisions about where generation, storage and new sources of demand are expected to emerge.¹

We are seeking stakeholder views on the implications of these developments for the ISP framework. In particular, we are interested in whether the current framework remains well-suited to the environment in which it now operates, and how it may need to evolve to remain effective in supporting long-term planning and investment decisions across a range of potential futures.

Source: 1. AEMO, [2026 Integrated System Plan](#), pp. 105-107.

The ISP is operating in a fundamentally different environment than what it was designed for. We consider these changes influence both how well the ISP framework contributes to achieving the NEO today, and what the future purpose of the ISP should be.

These include changes to the broader energy system, along with an evolution in how jurisdictions interact with the ISP and the electricity system. We have looked at those jurisdictional changes through two lenses - their impacts on planning of energy system assets and delivery of those assets.

The Commission considers that the increasing number of jurisdictional planning, policy and investment processes do not diminish the need for NEM-wide planning. Instead, they create a stronger need for a coordinating perspective across jurisdictions and across the electricity supply chain. In this Review, the Commission is focused on making the national framework as effective as possible, recognising that it operates alongside, and not in place of, jurisdictional planning and delivery pathways. This includes exploring how to improve coordination between the NER and jurisdictional frameworks.

Therefore, this Chapter seeks stakeholder feedback on what we consider to be the most impactful changes to the environment in which the ISP operates, and on the features of the future energy system that are likely to have the greatest influence on planning and investment outcomes. Understanding how these developments have shaped the ISP and its outcomes to date, and how

they may continue to evolve in the future, will help inform our assessment of the role the ISP should perform going forward, including whether changes to the framework would deliver additional benefits relative to the current arrangements. Chapter 4 then explores what role the ISP should be expected to perform in this new environment.

This chapter sets out:

- a brief overview of the energy sector’s evolution since the inception of the ISP (section 3.1)
- the additional constraints that must now be factored in when developing the ODP (section 3.2)
- increasing challenges to the delivery environment (section 3.3)
- new and diverse uses for the ISP (section 3.4)
- a consideration of how the energy system may evolve over time (section 3.5).

3.1 The energy sector has evolved since the inception of the ISP

Delivering a low-cost, low emissions, reliable, secure and safe power system remains important to achieving the NEO. While the energy sector continues to evolve, the need to coordinate investment and operational decisions across the power system to support efficient consumer outcomes remains. As the energy transition has accelerated, the importance of effective long-term system planning in supporting this outcome has only increased, providing a basis for coordinated decision-making that can support efficient investment, manage transition risks and ultimately promote the long-term interests of consumers.

The generation, transportation and consumption of energy are evolving rapidly, driven by technological developments, government policy and changing consumer preferences. The power system is transitioning from a generation fleet dominated by large thermal generators to one that is more distributed and diverse. The scale of this transition has been significant. By 2026, nearly 40% of the coal fleet had retired, while renewable generation increased to meet a record 45% of demand across the NEM in the 2026 financial year.⁵⁴

As part of this development, distributed and small-scale resources have become more prominent. Various technologies, such as household solar, distributed batteries and smart meters, have affected demand profiles within the power system. At the same time, gas plays an ongoing role in firming the energy system during the transition.

As set out in chapter 2, the ISP has evolved to take these factors into account, particularly in its assumptions and input work. However, the framework today remains such that co-optimisation and actionability are focused on grid-scale resources. In chapter 4, we consider whether these changes in the ISP’s operating environment mean its planning and/or delivery frameworks should extend further into these diversified resources.

3.2 The planning of the energy system has become more complex

The planning context in which the ISP operates has also changed significantly since the framework was first established. While the core challenge of coordinating generation and transmission investment remains, the broader planning environment now involves a larger number of policy, planning and investment processes than was originally contemplated. This highlights the role and value of a national planning framework in providing a whole-of-system perspective across the NEM.

54 AEMO, [2026 Integrated System Plan](#), p. 6-7.

When the ISP was introduced, the planning task was largely framed around identifying efficient transmission development pathways to support expected patterns of generation investment. Government policy settings formed an important input to that analysis, but investment outcomes were generally expected to emerge through market processes. The ISP's role was therefore to develop a whole-of-system view of how the power system should evolve under a range of plausible futures.

3.2.1 The optimal development path must now factor in additional constraints

In the proceeding years, governments have become more directly involved in shaping energy system outcomes. These developments mean governments now play a more direct role in influencing the timing, location and scale of new generation and storage investment. As a result, the ODP must increasingly identify an efficient development pathway within a broader set of policy, planning and investment constraints than when the ISP framework was first established.

For example:

- Jurisdictions adopted renewable energy targets, emissions reduction targets, REZ frameworks, procurement programs, state-based infrastructure investment objectives and other mechanisms aimed at accelerating the energy transition and achieving a range of policy outcomes.
- Differing jurisdictional approaches to matters such as data centres, EVs and industrial loads create locational differences in demand and pricing.⁵⁵
- The Australian Government introduced investment support mechanisms such as the [Capacity Investment Scheme](#) and programs to support consumer uptake of consumer energy resources, such as the [Cheaper Home Batteries Program](#).

The legislative context has also evolved. In 2023, the NEO was amended to include the achievement of jurisdictional emissions reduction targets.⁵⁶ This confirmed that emissions reduction forms part of the long-term interests of consumers. AEMO must now determine the ODP within a framework that is intended to contribute to achieving those targets, alongside the existing objectives relating to price, reliability, safety and security.

The Commission and stakeholders observe that these developments mean governments now play a more direct role in influencing the timing, location and scale of new generation and storage investment.⁵⁷ AEMO's submission set out examples of these interactions:

*This has impacted joint planning processes and increased the number of external factors that influence or are influenced by the ISP and the Inputs, Assumptions and Scenarios Report (IASR). In NSW alone, there are now six strategic plans that tie into one another, in addition to plans and access schemes for individual REZs. As well as jurisdictional frameworks and plans, new distribution network-level strategic planning functions and roles are under consideration.*⁵⁸

Stakeholders have observed that these developments have changed the role the ISP is expected to perform, but with differing conclusions:

55 Ausgrid submission to the consultation paper, p. 3.

56 Commonwealth DCCEEW, [Incorporating an emissions reduction objective into the national energy objectives](#).

57 Submissions to the consultation paper, including: AEC, p. 1. AEMO, p. 2. Origin, pp. 1-2.

58 AEMO submission to the consultation paper, p. 2

- Some suggested the ISP should act as a practical roadmap for achieving government policy objectives.⁵⁹ For example, the EEC stated its support for the ISP “serving as a least-cost plan for the long-term future of the energy system in line with government policy.”⁶⁰ Similarly, the AEC considered the ISP could be “a more practical plan about how to meet government targets.”⁶¹
- Others emphasised the importance of maintaining an independent whole-of-system planning perspective capable of identifying efficient development pathways across the NEM.⁶²

We explore these specific stakeholder recommendations and potential changes to the role of the ISP further in chapter 4.

3.2.2 Jurisdictional emissions targets will continue to inform the ISP

In submissions to this Review and the recent [Clarifying the treatment of jurisdictional policies and system costs in the ISP](#) rule change, the Commission has also heard differing views on the extent to which the ISP should test policy assumptions, as opposed to planning within the policy settings established by governments.⁶³

Consistent with our final determination on the rule change, we consider that it is appropriate for AEMO to continue using sensitivity analysis to test the robustness of the ISP to future uncertainty. We explored alternative approaches, however, considered that they would require independent judgement by AEMO or a third party. We considered it inappropriate for AEMO to make this judgement within the context of the national electricity regulatory framework.⁶⁴

Our final determination acknowledged that jurisdictional policies can, in some cases, distort modelling outcomes. It emphasised the need for jurisdictions to work together to regularly review their policies in the targets statement, and assess their impact on the NEM and energy consumers more broadly, while also working closely with AEMO.

3.3 The delivery environment has become more complex

The environment for delivering major energy infrastructure has also changed substantially since the ISP framework was created. These changes raise questions about whether and how the ISP’s broader actionability framework should evolve, alongside what delivery challenges should be taken into account in the planning process.

3.3.1 Jurisdictions play a larger role in delivery

At the time the ISP’s actionability framework was introduced, the national framework was generally expected to provide the primary pathway through which major transmission developments would be assessed and progressed. Since then, jurisdictions have established new institutions, planning frameworks and delivery arrangements to support their energy transition objectives. Examples include EnergyCo in New South Wales, VicGrid in Victoria and new transmission planning and delivery arrangements in Queensland.

59 Submissions to the consultation paper: Climateworks, pp.3-4; Grattan Institute, pp.8-9; JEC, p.4.

60 Energy Efficiency Council submission to the consultation paper, p.1.

61 AEC submission to the consultation paper, p. 2.

62 Submissions to the consultation paper: ENA, p2; Hydro Tasmania, p1; EnergyAustralia, p1.

63 Submissions to the consultation paper, including: AEC, pp. 1-2. CIS, pp. 2-19. JEC, p. 7. Tasmanian Small Business Council, p. 7. Policy Institute Australia, pp. 33-44. Also see our website for submissions to the rule change.

64 For further details, see section 3.3 of the [final determination](#).

As a result, many major projects identified in the ISP as actionable projects are then being progressed through jurisdictional frameworks.

Some stakeholders have suggested that this can create additional coordination challenges, particularly where projects are subject to different planning assumptions, assessment frameworks, delivery obligations or policy objectives.⁶⁵ Others recommended that these jurisdictional frameworks would minimise the impact of the ISP's actionability framework in the long-term, as it "may affect a relatively small number of projects."⁶⁶

These developments may influence the role of the ISP's actionability framework - specifically, how national and jurisdictional planning and delivery frameworks should interact. Understanding where the current arrangements work well, and where they create coordination challenges, may help identify opportunities to strengthen the national framework, while recognising that jurisdictional planning and delivery frameworks do not operate in every NEM region.

The role the national actionability framework should play in light of jurisdictional delivery frameworks is considered in detail in chapter 4, while specific challenges presented by the interaction between jurisdictional frameworks and the ISP are discussed in chapter 5.

3.3.2 The practical challenges associated with delivering major infrastructure have become more prominent

Stakeholders highlighted issues with delivering major energy infrastructure projects including social licence, community expectations, landholder engagement, environmental approvals, workforce constraints, supply chain pressures and increasing project costs.⁶⁷ These factors can materially affect the timing, cost and scope of projects, regardless of the strategic need identified through planning processes.

A number of stakeholders raised questions about how planning frameworks should respond when delivery outcomes diverge from original assumptions and outcomes.⁶⁸ Delays to transmission projects, changes in project scope, slower-than-anticipated generation development and changing jurisdictional priorities can all affect the assumptions underpinning the ISP. The AEMC's recent rule change on [Clarifying the treatment of jurisdictional policies and system costs in the ISP](#) has similarly noted risks where anticipated build rates required to achieve jurisdictional emissions targets become increasingly difficult to achieve in practice, potentially affecting confidence in planning outcomes and the effectiveness of the ISP as a roadmap for the transition.⁶⁹

Importantly, many of these issues cannot be resolved through the ISP itself. Questions relating to planning approvals, social licence, supply chains and project delivery partially extend beyond the scope of the ISP framework. Nevertheless, they influence the environment in which the ISP operates and shape stakeholder expectations about what the ISP can reasonably achieve. They also raise questions about how planning frameworks should adapt to changing circumstances, manage delivery uncertainty and maintain confidence in long-term planning outcomes, further explored in chapter 5.

65 Submissions to the consultation paper: Origin, p. 3; ENA, p. 6.

66 ENA submission to the consultation paper, p. 1.

67 Submissions to the consultation paper: AEC, p. 2; Essential Energy, p. 9; Nexa Advisory, p. 3.

68 Submissions to the consultation paper: AEC, pp. 2-3; Origin, p. 2, Nexa Advisory, p. 3.

69 AEMC, Clarifying the treatment of jurisdictional policies and system costs, p. 2.

3.4 The ISP is being used for more purposes than originally intended

In response to our consultation paper, stakeholders agreed the ISP is now relied upon for uses which were likely not intended in 2018, and may not align with its stated purpose today.⁷⁰

Originally, the ISP was conceived as “a cost-based engineering optimisation plan... that forecasts the overall transmission system requirements.”⁷¹ AEMO now frames it as a broader piece of work that “outlines an optimal path for generation, storage and network investments in the NEM to meet both consumer needs and government policies.”⁷²

However, it also functions as a key input for broader regulatory processes, investment decisions and policy development. Even where stakeholders do not agree with all of the ISP’s assumptions or outcomes, many continue to use it as a common reference point for their own analysis and decision-making. In this way, the ISP provides a shared understanding of future system needs that informs regulated and unregulated asset investment and policy decisions across the energy system. As set out in the ECMC response to the DCCEE review of the ISP:

“governments and energy sector participants also now look to the ISP for guidance on issues across the energy value chain, including the changing nature of energy demand, the interrelationship between electricity and gas markets, the transition from coal and gas use, and the supply of affordable and reliable renewable electricity generation and storage.”⁷³

This broader audience and range of uses highlights the importance of clarifying the ISP’s purpose. If there is uncertainty about what the ISP is intended to provide, or if it is increasingly relied upon for purposes beyond those for which it was designed, stakeholders may develop different expectations about what constitutes a successful outcome. Over time, this may undermine confidence in the ISP’s outputs and reduce its value as a trusted and widely used reference point for planning, investment and policy decisions in the NEM. For example, ECA raised a concern that some stakeholders “appear to incorrectly view the ISP as a forecast of the future of the NEM, missing reference to the policy assumptions that underpin the scenarios.”⁷⁴

In light of this, it will be valuable to consider what roles the ISP should be designed to fill into the future (its purpose), and for all parties to have a clear and shared understanding of this purpose. Stakeholders can then determine if and how it is appropriate for the ways they intend to use it.

3.5 The ISP must remain adaptable to future change

The energy system will continue to evolve over the next 20 years and beyond. While we can predict some of these changes – for example, increases in renewable and storage technologies in line with the transition – evolution in technology and consumer preferences may lead to unexpected outcomes. It is possible that the focus of system planning will diversify from major transmission as many of the projects in today’s pipeline are delivered, but this is not guaranteed. Changes in demand profiles will also affect the evolution of the energy system. For example, the 2026 ISP identifies data centres as a potentially significant source of future electricity demand, forecasting that they could account for almost 10 per cent of the NEM’s underlying demand by 2050 under the step change scenario.⁷⁵

70 Submissions to the consultation paper: EEC, p. 1. EnergyAustralia, p. 1. CS Energy p. 1. Grattan Institute, p. 8.

71 AEMO, [2018 Integrated System Plan](#), p. 3.

72 AEMO, [2026 Integrated System Plan](#), p. 6.

73 ECMC, [Response to the review of the ISP](#), p. 5.

74 ECA submission to the consultation paper, p. 3.

75 AEMO, 2026 Integrated System Plan, pp. 44-45.

Additionally, the surrounding regulatory and policy environment will continue to evolve in ways that both reflect the interests of consumers and an unpredictable broader geopolitical context.

The need for the ISP framework to be adaptable to the range of potential futures, and its adaptability to date, has informed our thinking on the potential strawpeople set out in chapter 4. We are interested in stakeholder input on the key features that will shape the energy system we should test any potential reforms to the framework against.

Question 2: Key changes to the environment in which the ISP operates

1. Have changes in the sector, such as the increasing role of distributed energy resources and consumer energy resources, affected the value of the ISP in its current form?
2. Where do national and jurisdictional planning and delivery frameworks complement one another, and where do they create coordination challenges for planning and investment decisions?
3. What features of the future energy system should the Commission consider when assessing whether and how the ISP framework should be changed to remain effective and resilient across a range of potential futures?

4 Future purpose of the ISP

Box 4: Key points

- This chapter sets out options for the role and purpose of the ISP in the future NEM (for example, the NEM of the mid-2030s). The Commission considers that the ISP should continue to be the national framework supporting the continued development of the future energy system and be resilient to changes discussed in chapter 3.
- We have framed the future purpose through choices on two key elements of the ISP framework:
 - the plan (the ISP's analytical output - how the ISP indirectly impacts investment choices)
 - the actionability mechanism (how the ISP drives certain regulated investments).
- Five strawpeople (SP) describe possible future purposes for the ISP. SP1 to SP4 set out alternative purposes for the ISP within the current legal framework. The four purposes are below, with bold text indicating the change from the purpose above it:
 - SP1: The ISP is the independent, long-term national plan for the efficient development of grid-scale generation, storage and transmission in the NEM, in the long-term interests of consumers. It triggers project specific assessment for major transmission projects on the optimal development path, alongside jurisdictional planning and delivery frameworks.
 - SP2: The ISP is the independent, long-term national plan for the efficient development of grid-scale generation, storage and transmission in the NEM, in the long-term interests of consumers. It triggers project specific assessment for major transmission projects on the optimal development path, **and provides a timely national pathway for their delivery.**
 - SP3: The ISP is the independent, long-term national plan for the efficient development of **the whole electricity system** in the NEM, including grid-scale generation, storage and transmission, **distribution, CER and demand-side resources**, in the long-term interests of consumers. It triggers project specific assessment for major transmission projects on the optimal development path, and provides a timely national pathway for their delivery.
 - SP4: The ISP is the independent, long-term national plan for the efficient development of the whole electricity system in the NEM, including grid-scale generation, storage and transmission, distribution, consumer energy resources and demand-side resources, in the long-term interests of consumers. It triggers project-specific assessment for major transmission projects **and other major regulated investments** on the optimal development path.
- SP5 is a more fundamental reform question. It considers whether the ISP's purpose should be recast to encompass integrated electricity and gas planning, which would ultimately require amendments to the NEL and the National Gas Law (NGL) and broader institutional change.
- The Commission's initial preference among SP1 to SP4 is SP3 - a purpose that positions the ISP as the national planning instrument for the whole electricity system, given effect through a wider plan and a credible national delivery pathway for major transmission. This is an initial preference, not a recommendation, and is signalled to invite focused stakeholder feedback.
- The Commission will assess whether each future purpose would add value relative to the current framework. We will examine whether and how it would materially improve planning,

coordination, regulated and unregulated investment decision-making and regulated investment delivery outcomes. We will also consider whether any benefits would justify the additional complexity it may introduce.

- The Commission has no preference on SP5 at this stage. Stakeholder feedback will inform whether further work on the scope of the ISP across electricity and gas is undertaken, recognising that giving effect to SP5 would ultimately require legislative change and engagement across the Commonwealth and participating jurisdictions.

Clarifying the purpose of the ISP is fundamental to this Review, as discussed in chapter 1. This chapter sets out possible futures for the ISP and asks how its purpose should evolve over the long term, to 2035, to best support the future energy system. Specific design issues we expect we will need to address in some form over the course of the Review are considered in chapter 5, noting that the materiality and potential solutions are likely to be informed by our decision on a future purpose.

Chapter 2 shows the current framework is already delivering benefits; the question for this Review is whether, and how, the ISP's future purpose should evolve to deliver additional benefits. Different future purposes imply different choices about what the ISP plans for and how closely it links to specific regulated investment and delivery decisions.

The purpose statement is therefore not simply a descriptive statement. It provides the basis for determining which aspects of the ISP framework should evolve. A purpose focused on planning grid-scale resources may support targeted improvements to the existing planning and actionability arrangements. A purpose focused more broadly on whole-of-electricity-system outcomes may require broader co-optimisation. A purpose with a stronger delivery orientation may support changes to the actionability framework and project assessment process. The Commission's assessment will consider whether these different evolutions would add material value relative to the current framework.

These choices may create benefits, but they may also introduce additional modelling implementation and governance complexity. Stakeholder feedback will help the Commission assess whether the potential benefits of alternative future purposes are material and sufficient to justify those changes.

Five foundations sit underneath the discussion in this chapter:

- The Commission considers that the ISP should remain a whole-of-system plan for the energy sector, and continue to be the national plan for the development of the NEM.⁷⁶
- AEMO continues to perform the National Transmission Planner function under the NEL and to publish the ISP.
- Planning roles for DNSPs, TNSPs and jurisdictional planners continue unchanged. The Review is not proposing to reallocate responsibilities between these parties.
- Existing jurisdictional frameworks in New South Wales, Victoria and Queensland continue to operate alongside the ISP framework. None of the possible futures we discuss propose changes to the operation of those frameworks.
- AEMO, and the ISP, would still be tested against the NEO, to promote the long term interests of consumers.

76 See Chapter 2

The rest of this chapter sets out:

- the two elements of the ISP framework we have framed the potential future purpose around and the choices that shape how each could evolve (section 4.1)
- four strawpeople that combine different choices on the plan and the actionability mechanism (section 4.2)
- the Commission's initial preference for SP3 and the reasoning behind it (section 4.3)
- a fifth strawperson, which considers the more fundamental question of whether the ISP should extend to the planning and delivery of gas network infrastructure (section 4.4).

The specific questions we are seeking stakeholder feedback on are set out throughout the chapter.

4.1 The choice of future comes down to two parts of the ISP framework

We approach changes to the ISP's purpose through choices on two key elements of the ISP framework:

- **The plan:** the ISP's analytical output, which identifies a set of development paths that address power system needs. It does so by co-optimising across a selected set of resources. The ODP is the plan's key output that identifies the least-cost development pathway, tested against a range of factors.
- **The actionability framework:** this includes the actionability trigger (the mechanism through which the ISP triggers the commencement of project-specific assessment for projects on the ODP), the economic assessment process (EAP), and the feedback loop.

The two elements perform different functions:

- the plan is a coordinating reference point that shapes investment and policy decisions across the electricity system, including investment in unregulated and regulated assets progressed outside the actionability framework.
- the actionability framework provides the direct pathway through which the ISP drives regulated investment (currently in major transmission).

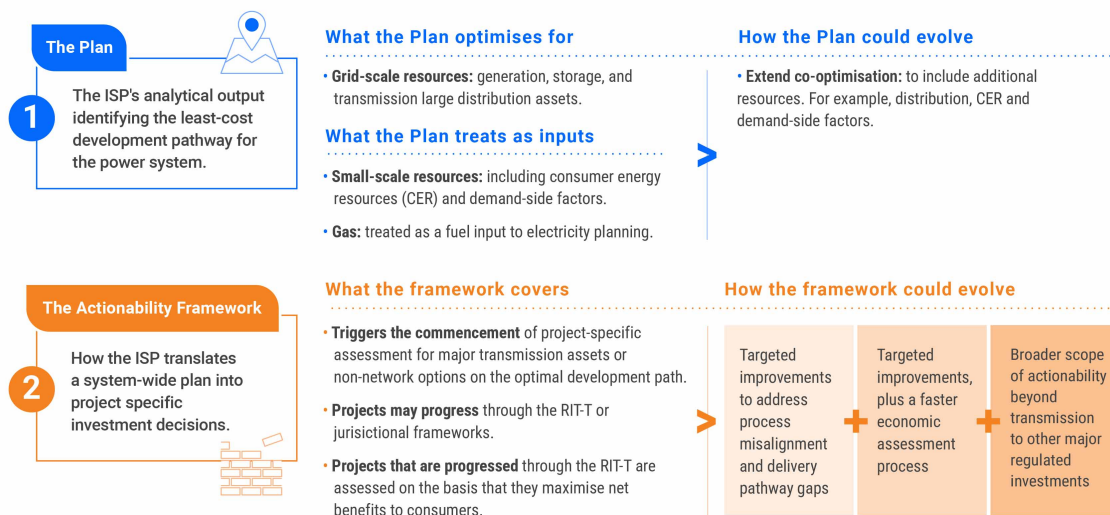
Developing a view about the ISP's future requires considering both: how the framework triggers and progresses certain regulated investments, and what impact the plan's scope of co-optimisation should, and could, have indirectly on investors outside of the actionability framework.⁷⁷

Different combinations of choices on these two elements give effect to different purposes for the ISP, and each element can evolve independently. The strawpeople described in section 4.2 illustrate combinations that we consider are plausible futures, but they are not exhaustive. We also invite stakeholder views on alternative combinations of these two elements.

Figure 4.1 provides a high level overview of the two elements, with each explored further in the next sections.

⁷⁷ When we refer to investors, we mean both regulated network businesses proposing transmission and distribution investment, and unregulated investors in generation, storage, firming and demand-side resources. The ISP supports each group differently: for regulated investment, by supporting more efficient project identification and assessment; for unregulated investment, by reducing information asymmetry and coordinating expectations across the sector.

Figure 4.1: ISP Framework



Source: AEMC.

4.1.1 The plan identifies the least cost development pathway

Background

The plan is the ISP's central analytical output and includes the ODP, which identifies the least-cost development pathway across the resources the plan treats as decision variables.⁷⁸ The IASR sets out the inputs, assumptions and scenarios that underpin AEMO's modelling and is a key input to the plan, not part of it.

Co-optimisation involves testing configurations of resources as decision variables in the model - varying their size, location and timing to identify least-cost outcomes. Other variables are treated as fixed forecast inputs, where a resource's role in the system is assumed rather than optimised.

Today, the plan co-optimises across grid-scale resources - generation, storage, transmission and certain large distribution assets connected to the shared network.⁷⁹ Smaller distribution, CER and demand-side resources are treated primarily as input assumptions rather than as decision variables. It also treats gas as a fuel input to electricity planning, not as infrastructure the plan can build, repurpose or retire.

In the 2026 ISP, AEMO identified specific distribution development opportunities alongside the transmission investments on the ODP as 'ISP development opportunities'.⁸⁰ However, distribution, CER and demand-side resources are still treated primarily as inputs rather than decision variables - meaning the plan does not yet optimise across them in identifying the least-cost development path.

The plan influences investment beyond the actionability framework. While the ISP does not directly determine investment in unregulated assets, its analytical outputs including the ODP, the IASR and the broader datasets published alongside the ISP inform a wide range of investment,

78 AEMO publishes the plan under NER Rule 5.22.

79 AEMO, [2026 ISP](#) p. 52.

80 AEMO, [2026 ISP](#) p. 52.

planning and policy decisions across the electricity system. Generation and storage investors use the ISP to understand likely patterns of transmission development and system evolution. DNSPs, jurisdictional planners, retailers, aggregators and governments use the ISP as a shared evidence base for their own planning and investment decisions. The influence of the ISP on these decisions depends on its credibility as a coordinated whole-of-system plan, rather than on any direct regulatory trigger.

Stakeholder views

Stakeholder submissions raised significant concerns about the current scope of the plan. A wide range of stakeholders, including the Justice and Equity Centre (JEC), Energy Consumers Australia (ECA), the Energy Efficiency Council (EEC), Ausgrid, Essential Energy and SA Power Networks (SAPN), submitted that the ISP continues to function primarily as a transmission investment plan, but should instead expand. In their view, treating demand-side resources, CER and distribution capabilities as inputs rather than decision variables produces development paths that are higher cost than necessary; some considered this is inconsistent with the ISP plan's stated 'whole-of-system' purpose in NER clause 5.22.⁸¹

Consistent with this, many stakeholders argued that the ISP should co-optimize across generation, storage, transmission, distribution and demand-side resources.⁸² This view is reflected in earlier stakeholder feedback summarised in Appendix A of the consultation paper, where CEC, ECA, Hydro Tasmania, JEC and SAPN proposed full co-optimisation of transmission and distribution planning.⁸³

Potential choices

The changes in the energy system set out in chapter 3 require us to consider whether the current scope of the plan will remain appropriate into the future.

By 2035, the plan could evolve to optimise across a broader set of resources, extending the decision variables to include distribution, CER and/or demand-side resources. Two factors support this evolution: the boundary between transmission-connected and distribution-connected resources is blurring; and distribution, CER and demand-side resources are increasingly central to least-cost system development. Where these resources are treated as inputs rather than decision variables, as they largely are today, the ODP may under-identify substitutes or complements to transmission investment. This could result in over or under-stating the case for some grid-scale investments.

Our hypothesis is that a broader plan may be justified where jointly considering distribution, CER or demand-side resources as decision variables would produce materially better planning outcomes than treating them as inputs or considering them through separate planning processes. Broader co-optimisation is not, in itself, a benefit. Its value lies in producing a plan that delivers a lower cost or otherwise more efficient energy system for consumers.

We must also consider if and how a broader plan would actually drive change in investment decisions outside the actionability framework to then deliver on the ODP. For example, investment in CER by individual consumers reflects private investment decisions that are unlikely to take the ISP into account. However, there may be levers for indirect influences on these investment decisions, such as jurisdictional programs. Therefore, we will assess whether treating certain

81 Submissions to the consultation paper: JEC, pp. 6-7; ECA, pp. 5-6; EEC, pp. 1-2; Ausgrid, p. 3; Essential Energy, pp. 4-5; SAPN, pp. 1-2.

82 Submissions to the consultation paper: JEC, p. 10; ECA, pp. 1-3; Ausgrid, p. 3; Essential Energy, pp. 1-2; SAPN, pp. 1-2; NEXA Advisory, pp. 9-10.

83 AEMC, Review of the Integrated System Plan framework, consultation paper, 18 December 2025, Appendix A.

small scale resources as decision variables, rather than as inputs, would produce a materially different and lower cost development pathway. If so, we will consider whether the ISP should indirectly influence these decisions, and how that may be achieved. There may also be unintended consequences to consider in potentially broadening the ISP's decision variables to decisions made by private consumers or other actors with a range of motivations.

A wider plan also carries costs and risks. It would require modelling capability that does not yet exist at the level needed. If computational abilities do evolve to support the required modelling, AEMO would need to build on its capability over time, and any evolution would likely need to be staged over successive ISP cycles. Introducing more decision variables can also affect the stability and transparency of the ODP and can create accountability questions where the plan identifies outcomes that depend on decisions made outside the ISP's actionability framework. It would also need to operate alongside jurisdictional programs and policies in these areas, and the Review will consider how this relationship should be designed to support both the national and jurisdictional planning processes.

Any expansion of the scope of co-optimisation to include smaller scale resources should be limited to where it can deliver material additional value and can be credibly modelled. We weigh these trade-offs further in section 4.3.

4.1.2 The actionability mechanism triggers the commencement of project specific assessment

Background

The actionability mechanism is a means by which the plan moves into delivery. Currently, the ISP triggers project-specific assessment for major transmission projects on the ODP, which the relevant TNSP(s) undertake through the RIT-T. The AER then administers the subsequent revenue and contingent project approval processes under the NER.⁸⁴

Today, the mechanism covers transmission only. It operates alongside jurisdictional frameworks in New South Wales, Victoria and Queensland, which now deliver a significant share of priority transmission projects outside the national pathway. Around half of the current actionable projects now sit wholly or partly outside the national RIT-T and supporting project assessment process.⁸⁵

As described in section 2.2.1, the actionability framework is the primary pathway through which the ISP directly drives regulated investment in major transmission.⁸⁶

Stakeholder views

Stakeholder submissions reflected a range of views on the actionability mechanism. Some stakeholders, including Nexa Advisory, the AEC and the Grattan Institute, highlighted a growing gap between what the ISP identifies and what is delivered on time and on budget, and considered that the framework should be reformed to better support timely and accountable delivery.⁸⁷

Others, including AEMO, ENA and EnergyAustralia, considered that the current framework is broadly fit for purpose, and cautioned against further substantive reform, for example, including alternative models that would bring the net benefit assessment currently performed through the RIT-T into the ISP.⁸⁸

⁸⁴ We note that this applies to 'actionable ISP projects' only. The ISP assesses the actionability of both ISP projects and also jurisdictional projects. Jurisdictional projects typically bypass the RIT-T.

⁸⁵ AEMO, 2026 ISP, p. 19.

⁸⁶ Unregulated transmission investment (for example, Basslink, Directlink) sits outside the actionability framework and is not considered further in this chapter.

⁸⁷ Submissions to the consultation paper: Nexa Advisory, p. 3; AEC pp 2-3; Grattan Institute, pp 6-8.

⁸⁸ Submissions to the consultation paper: AEMO, pp 3-4; ENA p. 1; EnergyAustralia, pp 1-2.

A smaller group of stakeholders, including JEC and SAPN, considered that actionability should ultimately extend beyond transmission, to reflect the wider scope of investments needed to deliver least-cost outcomes.⁸⁹

A further group of stakeholders raised more fundamental concerns about the actionability framework itself.⁹⁰ The Tasmanian Small Business Council submitted that actionable status has become a de facto commitment mechanism, creating practical lock-in before robust testing is complete, and that the plan should be de-linked from the RIT-T. Policy Institute Australia argued that AEMO should no longer be the National Transmission Planner or designate projects as 'Actionable', and that the ISP should be repositioned as an advisory technical projection.

Potential choices

Looking to 2035, the mechanism could evolve in different ways. We have identified three options, each building on the one before. They differ in how far they go in evolving the current actionability framework for projects identified on the plan's ODP:

- **Targeted improvements** to address process misalignment and delivery pathway gaps: improvements to better align timing and information requirements between the ISP and RIT-T, and to accommodate projects moving (in part or in full) from national to jurisdictional delivery pathways
- **Targeted improvements, plus a faster economic assessment process:** as above, with additional opportunities to accelerate the RIT-T process and associated mechanisms such as the feedback loop
- **A broader scope of actionability:** as above, with the scope of actionability extended beyond transmission to other major regulated investments, most directly major distribution projects.

These options are not intended to limit the potential futures, and could be combined in different ways. For example, there could be a broader scope of actionability without changes to today's process.

We also note that changes to the actionability framework cannot, on their own, deliver infrastructure more quickly. Considerations such as social licence and constraints on delivery (including supply chain capacity and planning and environmental approvals) sit largely outside the framework, and apply to both the national and jurisdictional pathways.

Evolution of the mechanism can, however, strengthen the national pathway as a credible, efficient and timely route to delivery for projects on the ODP. The coexistence of national and jurisdictional pathways is a defining feature of the current environment. However, how the framework responds to it, including the extent to which it positions the national pathway as the primary delivery route for major transmission, and the effort invested in making it faster relative to jurisdictional alternatives, is itself a design choice considered in the choices above. Additionally, evolution of the mechanism could help close speed and process gaps for the projects and regions where the national pathway is the primary route. We weigh these considerations when comparing the strawpeople in section 4.2.

As outlined above, the actionability framework has been the pathway through which the major regulated transmission projects on the ODP have progressed to delivery. We consider it continues to make sense to retain the link between the ISP and the RIT-T. Our strawpeople therefore do not explore delinking the RIT-T from the ISP (that is, removing the actionability trigger). However, we

89 Submissions to the consultation paper: JEC, p. 4; SAPN, p. 2.

90 Submissions to the consultation paper: Tasmanian Small Business Council, pp. 6-7; Policy Institute Australia, pp. 30-44.

welcome stakeholder views on whether there is a case for delinking, the evidence supporting that case and how the coordination gap the actionability framework currently addresses would otherwise be managed.

Question 3: The choice of future comes down to the plan and actionability

1. Do you agree that the plan and the actionability mechanism are the right way to frame the choice of possible purposes for the ISP in the future energy system?
2. Are there other parts of the ISP framework that should be considered alongside the plan and the actionability mechanism in shaping its future purpose?
3. Does the ISP provide sufficient guidance and information to support decisions by parties beyond regulated asset owners? If not: what are the key gaps; and what improvements would enhance its value for these users, particularly unregulated investors?

4.2 Strawpeople illustrate possible futures for the ISP

The strawpeople describe possible future purposes for the ISP, and how they could be given effect through choices on the plan and the actionability mechanism. The strawpeople are not fixed packages or preferred solutions. Stakeholders may support elements of multiple strawpeople or propose alternative combinations. They are also not fully specified designs. Within each strawperson, further choices would need to be worked through, including on modelling methodology, sequencing, governance and implementation. We welcome stakeholder views on what would be required to implement any of the strawpeople.

To make the choice of future more concrete, we describe each strawperson relative to the 2026 ISP. For example, under a wider plan, the 2026 ISP may have included distribution, CER and/or demand-side resources as decision variables rather than input assumptions. The ODP would then reflect both which transmission projects are needed and how the need for those projects interacts with distribution-level investment and consumer-side flexibility.

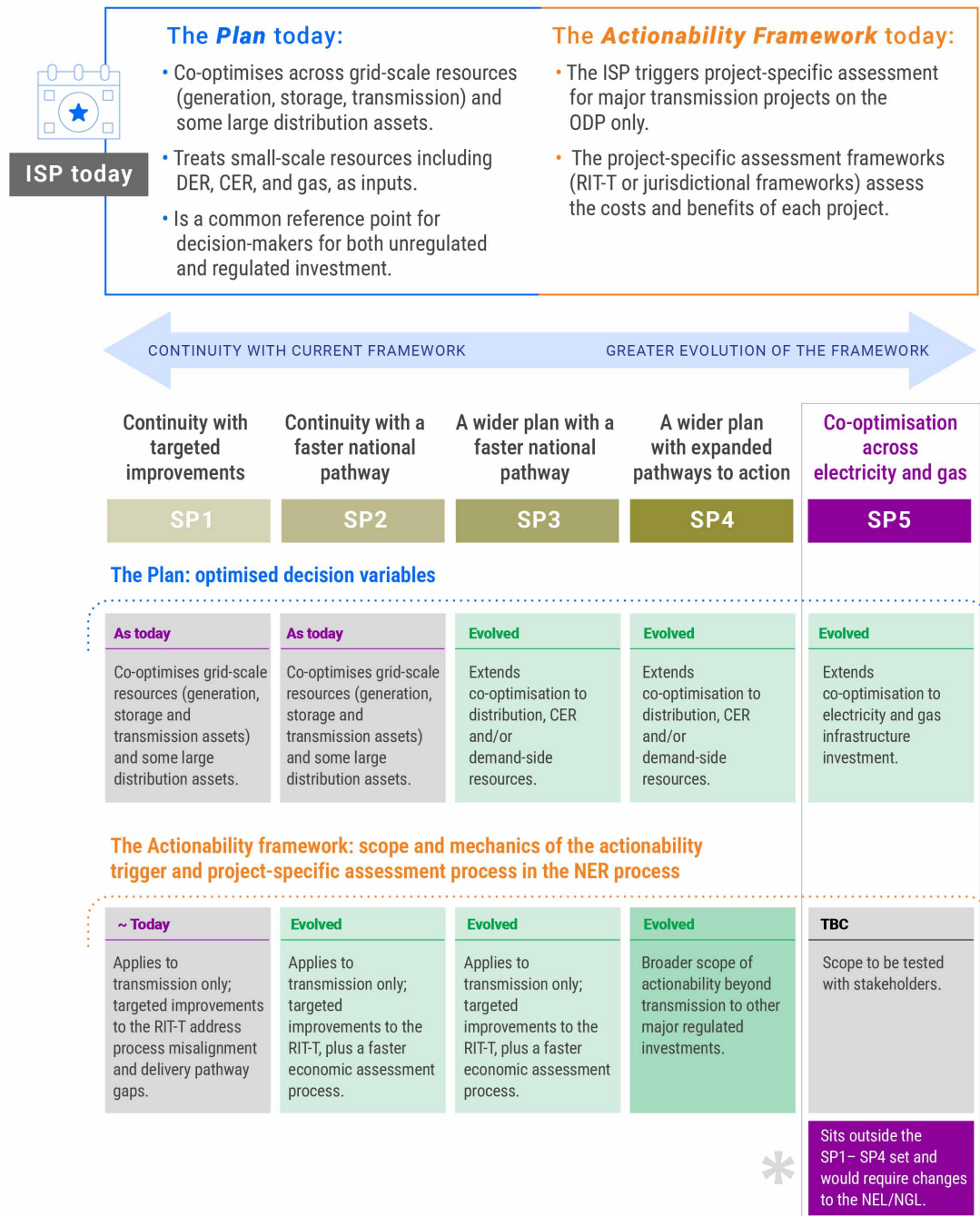
The first four strawpeople (SP1 to SP4) read as a left-to-right evolution from continuity with today's framework through to broader change.⁹¹ Each purpose statement includes a choice on the plan and a choice on the actionability mechanism. SP1 stays closest to current practice while SP2 and SP3 introduce evolution on one of the two working parts, and SP4 evolves both.

Each purpose statement also considers how those choices impact the relationship between the national pathway and jurisdictional frameworks. The Commission's focus is on making the national framework as effective as possible, so that the national pathway is a credible, efficient and timely route for projects on the ODP, alongside jurisdictional pathways. We further consider this relationship across each future in section 4.2.5.

SP5, considered separately in section 4.4.1, differs from SP1 to SP4. It would extend the plan to co-optimize across electricity and gas infrastructure investment, and would ultimately require changes to the NEL and the NGL, and broader institutional change.

⁹¹ Strawpeople are a consultation device used to present illustrative packages of choices for stakeholder engagement. They are not preferred options and stakeholders are not expected to accept or reject any strawperson in its entirety. We welcome feedback on elements of individual strawpeople and on alternative combinations on the plan and actionability framework, noting that views on these elements will shape articulation of the ISP's future purpose.

Figure 4.2: Snapshot of the strawpeople



Source: AEMC.

4.2.1 Strawperson 1 - Continuity with targeted improvements

Purpose: The ISP is the independent, long-term national plan for the efficient development of grid-scale generation, storage and transmission in the NEM, in the long-term interests of consumers. It triggers project-specific assessment for major transmission projects on the optimal development path, alongside jurisdictional planning and delivery frameworks.

The ISP's purpose in SP1 is closest to its current role. The ISP continues to be the national planning instrument for grid-scale resources in the NEM, and continues to trigger the commencement of regulated investment in major transmission projects through the national pathway. The purpose statement also recognises explicitly that the ISP operates alongside jurisdictional frameworks for transmission planning and delivery.

SP1 reflects a view that the current framework is broadly fit for purpose and that the growth of jurisdictional pathways is an environment the framework should adapt to, rather than seek to reshape.

How the plan gives effect to this purpose: The plan continues to optimise across grid-scale resources. Small-scale resources and gas remain input assumptions, not decision variables. The optimal development path continues to identify the major transmission projects needed to meet power system needs.

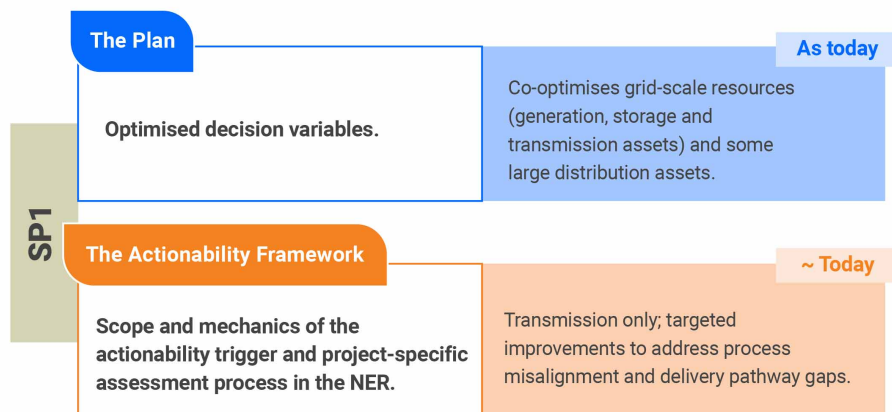
How the actionability mechanism gives effect to this purpose: The actionability mechanism continues to cover transmission only. Targeted improvements address process misalignment and delivery pathway gaps, including better alignment of ISP and RIT-T timing and information requirements, and accommodating projects that may move (in part or in full) from the national to jurisdictional pathways. SP1 does not change the RIT-T mechanism itself.

Compared to the 2026 ISP: The plan itself would look substantively similar to the 2026 ISP. What would differ is how the actionability framework accommodates the interface between the national and jurisdictional pathways. Targeted improvements would reduce duplication between the ISP and RIT-T and provide clearer treatment of projects that move (in part or in full) between pathways during development. These are process improvements. SP1 does not seek to improve timeliness or efficiency of the national pathway itself, which means it is unlikely to change the balance of projects between national and jurisdictional pathways. Regulated transmission investment would continue to be driven through the actionability framework and the plan's influence on unregulated investments and policy decisions would be broadly unchanged.

Value: SP1 offers continuity, the lowest scale of change, and the lowest implementation effort of the five strawpeople. Targeted improvements to the ISP-RIT-T interface address known process issues without pre-committing to more substantive change.

Trade-off: SP1 may miss opportunities to leverage the increasing role of distribution, CER and demand-side resources for least-cost system development, and leaves unresolved whether the RIT-T mechanism itself can be made faster and more efficient.

Figure 4.3: Strawperson 1 - Continuity with targeted improvements



Source: AEMC.

4.2.2 Strawperson 2 - Continuity with a faster national pathway

Purpose: The ISP is the independent, long-term national plan for the efficient development of grid-scale generation, storage and transmission in the NEM, in the long-term interests of consumers. It triggers project specific assessment for major transmission projects on the optimal development path, and provides a timely national pathway for their delivery.

SP2 sets the ISP's purpose around the same scope as SP1 (grid-scale resources) but shifts the framing of the ISP's role in delivery. Under SP2, the ISP is positioned to provide a timely national pathway for major transmission projects, rather than operating primarily as the framework that triggers project assessment. This sets the ISP up to play a stronger national role in the delivery of priority transmission, while the scope of what the plan optimises across remains the same.

SP2 reflects a view that one of the drivers of the increase in jurisdictional pathways is inefficiency in the national framework. Therefore, it proposes making the national pathway more efficient and responsive, rather than stepping back from actionability.

How the plan gives effect to this purpose: The plan continues to optimise across grid-scale resources, as under SP1. Small-scale resources and gas remain input assumptions.

How the actionability mechanism gives effect to this purpose: The actionability mechanism continues to cover transmission only. SP2 carries forward the targeted improvements that sit under SP1, and goes further by exploring how the project assessment process (including the RIT-T mechanism) can be made faster (for example, simplifying assessment requirements, shortening sequencing and examining the effectiveness of the feedback loop). The intent is to give effect to the purpose statement's commitment to a timely national pathway.

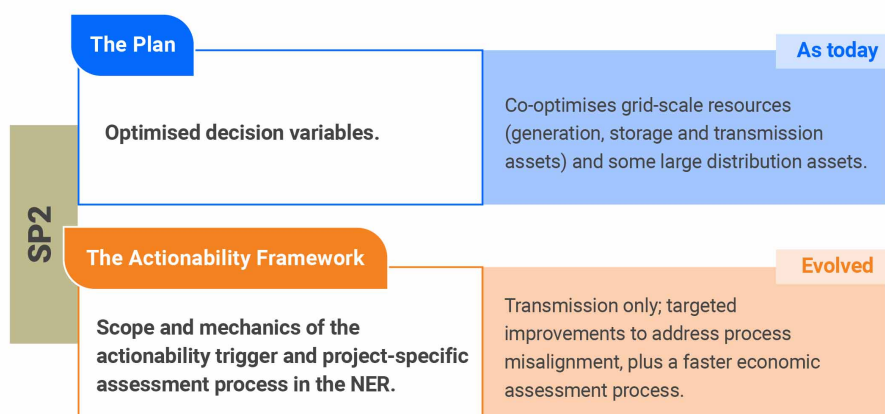
Compared to the 2026 ISP: The plan itself would look substantively similar to the 2026 ISP. What would differ is the delivery pathway. Where timely delivery is currently a trigger for projects moving from the national to jurisdictional pathway, a faster and better-aligned RIT-T process could keep more projects in the national pathway. Compared to the 2026 ISP, this could mean fewer projects on the ODP being delivered under jurisdictional actionable project status, and more retaining actionable ISP project status through to delivery. A faster and better aligned national pathway would strengthen the direct effect of the actionability framework on regulated transmission

investment. The plan's influence on unregulated investment and policy decisions would broadly be unchanged.

Value: A faster and better-aligned RIT-T process could make the national pathway a more credible and timely route for projects that progress through it, thereby helping to retain more projects in the national pathway through to delivery. Retaining the grid-scale scope of the plan means lower implementation costs and more achievable modelling outcomes.

Trade-off: A faster national pathway will not, on its own, address social licence, achieve the complex range of goals jurisdictions take into account when considering project delivery, or resolve the delivery constraints that sit outside the framework (that is, supply chain capacity and planning and environmental approvals). SP2 also does not respond to the increased importance of distribution, CER and demand-side resources to least-cost system development.

Figure 4.4: Strawperson 2 - Continuity with a faster national pathway



Source: AEMC.

4.2.3 Strawperson 3 - A wider plan with a faster national pathway

Purpose: The ISP is the independent, long-term national plan for the efficient development of the whole electricity system in the NEM, including grid-scale generation, storage and transmission, distribution, CER and demand-side resources, in the long-term interests of consumers. It triggers project specific assessment for major transmission projects on the optimal development path, and provides a timely national pathway for their delivery.

SP3 sets the ISP's purpose around the whole electricity system, not just grid-scale resources. Under SP3, the ISP becomes the national planning instrument for how the whole electricity system can develop at least cost, including the interaction between transmission-connected resources, distribution networks, consumer energy resources and demand-side factors. The broader plan uses indirect pathways to influence unregulated investment and decisions on regulated investment outside of the actionability framework. The ISP's role in triggering project specific assessments of projects on the ODP continues to focus on major transmission projects, consistent with the boundary of the current actionability framework.

SP3 reflects a view that the future purpose should reflect the larger importance of small-scale resources in the future energy system, and that this - combined with a stronger national pathway

for transmission - is the most substantive change the framework can support in a single reform step.

How the plan gives effect to this purpose: The plan extends its decision variables (what the ODP co-optimises) beyond regulated investments to include small-scale resources alongside grid-scale resources. The exact scope - whether this should include some or all of distribution-level resources, CER and demand-side factors is something we would be interested in stakeholder feedback on. The Commission notes that, for example, investment in CER would remain a decision for individual consumers - but AEMO could potentially include recommended goals, that jurisdictions could then take into account when designing specific policy programs. Additionally, it is possible the modelling architecture to give effect to SP3 would look different from the approach today, and may instead consist of interlinked but separate processes with different methodologies. Great Britain's approach to its Centralised Strategic Network Plan, set out in Box 5, provides an example of such an approach. Ultimately, the ODP would identify the combination of major transmission projects and small-scale resources needed to meet power system needs.

How the actionability mechanism gives effect to this purpose: The actionability trigger continues to cover regulated investments in transmission and non-network options only.⁹² SP3 carries forward the targeted improvements under SP1, and consistent with SP2, the Review would also explore opportunities to make the RIT-T mechanism itself faster, supporting a more timely national pathway to delivery. SP3 does not extend the mechanism to other parts of the wider plan scope.

Compared to the 2026 ISP: The 2026 ISP identifies major transmission projects against inputs covering the potential futures of small-scale resources. SP3 would instead produce a plan that treats these as decision variables and describes how the whole electricity system develops at least cost. In practice, this could mean a different set of transmission investments on the ODP, and different timing, reflecting the fact that the plan would have identified those investments after optimising across a broader set of variables. The ISP would function as a whole-of-system reference point for unregulated investment and for planning and policy decisions across the system, not just for TNSPs. With the actionability mechanism continuing to cover regulated transmission only, delivery of the non-transmission elements would depend on the ISP being trusted and used as an authoritative reference point by these parties, and on AEMO positioning it as such.

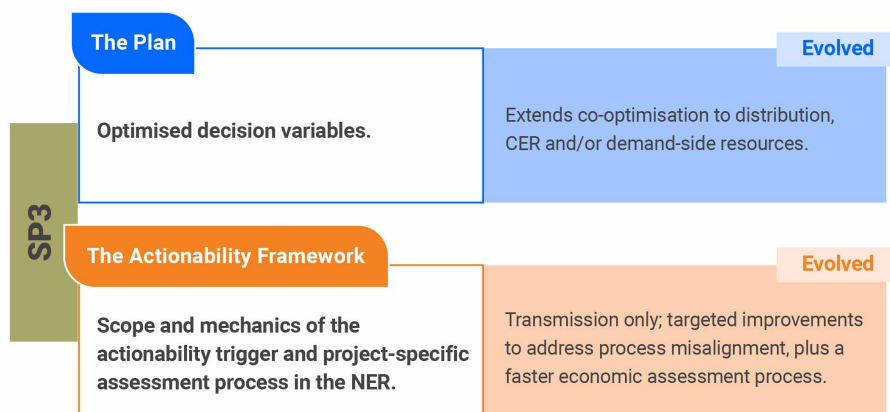
Value: SP3 combines a broader system-wide evidence base with a faster national delivery pathway. It strengthens the relevance of the ISP to a wider set of system decisions while improving the performance of the national pathway. The value of SP3 is further considered in section 4.3.

Trade-off: There is a gap between what the ISP plans across and what the national pathway is able to deliver, as the plan identifies least-cost outcomes across the whole system, but only the transmission elements are actioned through the national framework. Whether this gap matters depends on the weight the ISP carries as an advisory instrument. SP3 relies on AEMO positioning the ISP as a credible, authoritative reference point that investors, DNSPs, jurisdictions and other decision-makers trust and have close regard to when making their own decisions. Where the ISP has that standing, the plan can influence outcomes across the whole system, even where actionability sits elsewhere. Where it does not, the gap between what the plan identifies and what is delivered will widen, bringing into question the benefit of the increased modelling work. SP3

⁹² Noting that today, AEMO can identify non-transmission projects as 'ISP development opportunities' in the ODP - but they are not actionable. See Appendix C on terminology for more detail.

also depends on computational abilities evolving to support the required modelling, with implementation likely to be staged over successive ISP cycles.

Figure 4.5: Strawperson 3 - A wider plan with a faster national pathway



Source: AEMC.

4.2.4 Strawperson 4 - A wider plan and a broader scope of actionability

Purpose: The ISP is the independent, long-term national plan for the efficient development of the whole electricity system in the NEM, including grid-scale generation, storage and transmission, distribution, consumer energy resources and demand-side resources, in the long-term interests of consumers. It triggers project-specific assessment for major transmission projects and other major regulated investments on the optimal development path.

SP4 sets the ISP's purpose around the whole electricity system, as under SP3, but goes further by also positioning the ISP to trigger a project specific assessment process for network infrastructure projects beyond transmission. Under SP4, the ISP becomes both the national planning instrument for the whole electricity system and the mechanism through which major electricity network investment across the system is triggered for potential delivery. This is the most substantive evolution of the ISP's purpose within the current law.

SP4 reflects a view that a broader plan is most effective when paired with a delivery mechanism, and that the framework should evolve on both dimensions together rather than one leading the other.

How the plan gives effect to this purpose: The plan extends its decision variables to include some combination of distribution, CER and demand-side resources alongside grid-scale resources, as under SP3.

How the actionability mechanism gives effect to this purpose: The actionability mechanism extends beyond transmission to trigger project-specific assessment of other major regulated investments identified on the optimal development path - most directly, major distribution projects. For example, in the 2026 ISP AEMO identified two major distribution projects on the ODP as ISP development opportunities to facilitate the connection of utility scale generation and

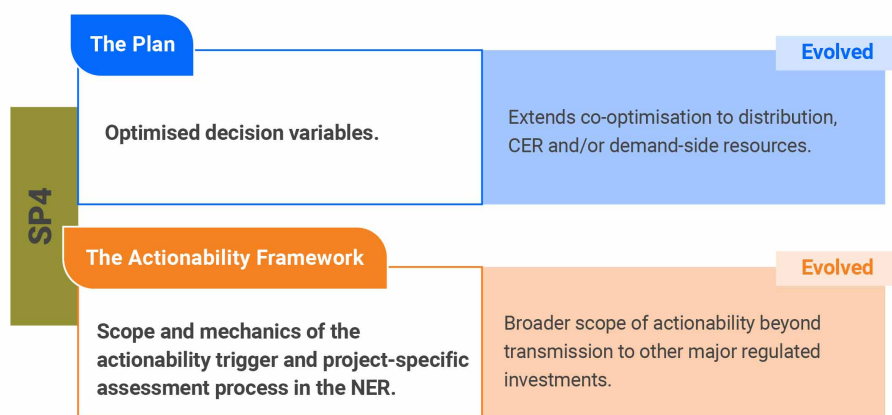
storage to the distribution network: the Hunter-Central Coast REZ Expansion and the Dubbo Distribution Project.⁹³ These projects are currently identified as development opportunities because they cannot be actioned under the existing ISP framework. Under SP4, projects of this kind could be identified as actionable ISP projects where project specific assessment would be required as a next step. If we move forward with this purpose, the Commission would need to work through the boundary of what would be actioned, including whether a materiality threshold is needed and how it would operate (noting that, as set out at the beginning of this chapter, the Commission does not envision any fundamental changes to the existing planning role for DNSPs). As under SP2 and SP3, the Review would also explore opportunities to make the transmission project assessment process faster.

Compared to the 2026 ISP: SP4 would produce a plan that treats unregulated small-scale resources as decision variables, as under SP3. In practice, this could mean a different set of regulated transmission investments on the ODP and different timing than today. SP4 goes further by extending the actionability framework to major regulated investments beyond transmission - most directly, major distribution projects. This could involve, for example, making the Regulatory Investment Test for Distribution (RIT-D) actionable for major distribution investments identified on the ODP. Actionability would remain focused on major investment: the ISP would not seek to trigger every project or group of projects identified on the ODP. Compared to SP3, less would depend on the ISP being taken up voluntarily as a shared reference point - the framework itself would drive delivery of some of the non-transmission elements it identifies as most material.

Value: Extending actionability beyond transmission ensures the ISP framework itself drives delivery of the major regulated investment it identifies as most material. This reduces the gap from SP3 between what the ISP plans across and what it actions.

Trade-off: Extending actionability to regulated investments beyond transmission would require new mechanisms to be designed and operated across a wider set of parties, including DNSPs. SP4 also carries the most demanding implementation pathway of the four strawpeople, and rests, like SP3, on modelling capability evolving to support a wider plan.

Figure 4.6: Strawperson 4 - A wider plan and a broader scope of actionability



Source: AEMC.

93 AEMO, 2026 ISP, p. 104.

4.2.5 Each strawperson takes a different view on the ISP's role alongside jurisdictional pathways

None of the strawpeople propose changes to the operation of jurisdictional frameworks themselves. Jurisdictional frameworks cover more than planning and delivery. They include economic regulation, access schemes, connection processes and, in some cases, mechanisms to support investment outcomes that go beyond what the national framework can deliver. We will explore through this Review what underpins preferences for the national or jurisdictional pathways, and how the future ISP framework can be designed to operate well alongside them.

Actionability: As set out in section 4.1.2, how the ISP framework responds to the coexistence of national and jurisdictional pathways is one of the design choices considered in different futures of the actionability framework:

- SP1 maintains the current relationship between the national pathway and jurisdictional frameworks. Targeted improvements address how the framework accommodates projects that may move between pathways, but the relative role of the two pathways is unchanged.
- SP2 strengthens the national pathway's attractiveness by exploring opportunities to make the project assessment process faster. The relationship between the two pathways remains the same, but the national pathway is positioned to be a more credible route to delivery for appropriate projects.
- SP3 improves the national pathway as under SP2, and the broader plan positions the ISP as a system-wide reference point relevant to both national and jurisdictional planning processes.
- SP4 improves the national pathway as under SP2, and extends the national pathway's scope beyond transmission to other major regulated investments on the optimal development path. This gives the national pathway a broader role alongside jurisdictional frameworks than under any of the other strawpeople.

The Plan: Under SP3 and SP4, the broader plan has implications for how jurisdictions, DNSPs, generation and storage investors and other decision-makers engage with the ISP. The ODP under those strawpeople reflects a least-cost view of the whole electricity system, including how certain small-scale resources would most efficiently be deployed. Jurisdictional plans for transmission investment can use this as a more complete picture of system context, rather than relying on separate assumptions about resources outside their scope.

Question 4: Strawpeople are used to illustrate possible futures

1. Do the purpose statements for SP1-SP4 appropriately describe potential roles for the ISP in the future energy system? If not, how should the purpose be articulated differently?
2. Which of the strawpeople (SP1, SP2, SP3 or SP4) best supports the future energy system and why?
3. Are there elements of more than one strawperson, or an alternative combination of choices on the plan and actionability mechanism, that you would support? Please explain.
4. What broader design features of the ISP framework (across the planning, delivery and governance workstreams) would need to change to give effect to your preferred strawperson? In responding, stakeholders may wish to consider the scale of change required, implementation considerations, and sequencing.

4.3 The Commission's initial preference is for strawperson 3

In forming an initial preference between strawpeople 1-4, the Commission has considered how each would deliver additional benefits to the current framework in a future energy system. This includes considering whether the purpose makes the national pathway better, strengthens the ISP as a credible shared evidence base, improves coordination, supports more timely and efficient delivery of regulated investment, and gives both regulated and unregulated investors clearer expectations.

For each purpose, we considered:

- For projects triggered by the actionability mechanism, would the ISP support more efficient project identification and assessment?
- For projects outside of the actionability framework (both regulated and unregulated), would the ISP further reduce information asymmetry and coordinate expectations across the sector, resulting in investment decisions that are more timely and support an efficient electricity system?

On this basis, our initial preference is for SP3 - a wider plan combined with targeted improvements to the ISP-RIT-T interface and exploration of opportunities to make the project assessment process faster.

This is an initial preference, not a recommendation. The purpose of this discussion paper is to test the hypotheses that support this view and to seek stakeholder evidence on whether and how a different future purpose would better support the future energy system. The draft report will set out the Commission's recommended direction once we have considered stakeholder responses to this discussion paper.

4.3.1 The Commission will assess which future purpose adds most value relative to the current framework

Our consultation paper set out four criteria for assessing the Review's recommendations against the NEO: safety, security and reliability; emissions reduction; implementation considerations; and principles of good regulatory practice. These apply across the Review's recommendations as a whole, and are further detailed in Chapter 1 and Appendix A.

To assess which future purpose would deliver additional value relative to the current framework, we in particular considered the following:

- Safety, security and reliability - would it promote the efficient investment in generation facilities, load, storage, networks and other system service capabilities, therefore enabling the reliable, secure and safe provision of energy at an efficient cost to consumers over the long term?

We also assessed implementation complexity, as the strawpeople differ materially in the scale of change required and the demands on AEMO's modelling.

To compare across the strawpeople, we identified four key differences between how they would deliver these benefits relative to the current framework:

- **Strength of the evidence base:** A wider scope of the plan produces a more comprehensive evidence base and reduces information asymmetry across the system. A wider plan strengthens the ISP as a shared reference point for decision-makers on unregulated investments and regulated investments outside the actionability framework - including network businesses, jurisdictional planning bodies, investors in generation, storage and other energy resources, and policymakers - by increasing trust in the ISP as a credible

representation of how the system can develop at least cost. This increases the indirect influence the ISP has on these investment choices, thereby supporting the delivery of a system more aligned with the ODP.

- **Stability and resilience of the optimal development path:** A wider plan introduces more decision variables into the optimisation, which can make the ODP more sensitive to change than a plan with a narrower scope. This may reduce predictability and therefore utility for investors in unregulated assets who value a stable, well-signalled investment pipeline, introducing the risk that these investors may not rely on the ISP for information. On the other hand, a wider plan can also improve the resilience of the ODP, by testing how the system develops under a broader set of assumptions and futures and identifying development paths that hold up across them.
- **Timeliness of delivery:** A faster project assessment process and better alignment between the ISP and the RIT-T can support timelier delivery of regulated investments through the national pathway. Other constraints on delivery sit largely outside the framework and apply to both the national and jurisdictional pathways.
- **Flexibility to manage change:** Looser linkage between the ISP and project-specific assessment gives AEMO and TNSPs room to test sensitivities, respond to local factors and use new information between ISP cycles. Tighter linkage reduces that flexibility, including by limiting the ability to respond when new information emerges after key decisions are made.

The four factors do not weigh equally, and we have made two judgements on their relative weight that shape our initial preference:

- **A stronger evidence base matters more than absolute stability of the ODP.** Stakeholders have told us that information asymmetry remains a first-order barrier to efficient investment, particularly as small-scale resources become more central to system development. The reduction in asymmetry of a wider plan and additional resilience outweigh the potential downside of a less stable ODP. Staged adoption can manage impacts on stability as modelling capability develops over successive ISP cycles.
- **A faster and better-aligned national pathway is more beneficial than tighter linkage between the ISP and project assessment.** Tighter linkage offers limited additional benefit because the binding constraints on delivery sit outside the framework. A national pathway that is faster, better aligned with the ISP, and able to accommodate projects moving between national and jurisdictional pathways is the more material gain and better reflects the context in which the ISP operates. Looser linkage also supports flexibility for AEMO and TNSPs to manage change over time.

To move from an initial preference to a considered position in the draft report, we are seeking stakeholder evidence on the responses of regulated and unregulated investors to these decisions, how each strawperson would strengthen or weaken these benefits in practice, what specific costs and implementation challenges each may entail, and how modelling capabilities would need to evolve to support any change in the plan's scope.

4.3.2 SP3 performs best against these factors

Our initial preference for SP3 rests on three hypotheses:

- a broader plan would materially improve the ODP by better reflecting the growing role of small-scale resources
- that investors in unregulated assets would be more likely to reference an ODP with a broader scope when making decisions

- that a more effective national delivery pathway would materially improve delivery outcomes for major transmission.

We invite stakeholders to test and provide evidence on these hypotheses.

SP3 combines a wider plan with targeted improvements to the ISP-RIT-T interface and exploration of opportunities to make the project assessment process faster. Relative to the current framework, SP3 would deliver additional benefits by extending the plan's scope to reflect the growing importance of small-scale resources for regulated and unregulated investment decisions, and by supporting a more timely and better aligned national delivery pathway for major transmission. Under the two judgements above, SP3 performs best across the four factors:

- **Strength of the evidence base:** A wider plan under SP3 supports a more comprehensive evidence base across the whole electricity system, strengthening the ISP as a shared reference point for investors, jurisdictional planners, network businesses and policymakers.
- **Stability and resilience of the optimal development path:** SP3's wider plan would introduce more decision variables. Impacts on ODP stability can be managed through staged adoption and broader co-optimisation would strengthen resilience of the ODP by testing how the system develops under a wider set of assumptions.
- **Timeliness of delivery:** SP3 supports a faster and better-aligned national pathway as a more credible route for projects on the ODP, including by exploring opportunities to make the project assessment process faster.
- **Flexibility to manage change:** SP3 retains the current scope of actionability, preserving the flexibility AEMO and TNSPs have to test sensitivities and respond to new information between ISP cycles.

SP3 also changes the scope of the ISP's planning outputs to align more closely with the full scope of the energy system. As small scale resources continue to grow in importance, a wider plan provides an output that remains relevant and can act on future changes in the resource balance. SP3 achieves this without committing to a more significant change to the delivery framework.

To further assess this preference, we will consider which small-scale resources could credibly be treated as decision variables; implementation sequencing across successive ISP cycles; how SP3 would interact with jurisdictional planning and delivery frameworks; whether a faster national pathway would materially improve delivery outcomes; and the governance, transparency and accessibility changes needed to support a broader ISP role.

Question 5: Framework for choosing the future purpose of the ISP

1. Do you agree with the Commission's approach to forming an initial preference between the strawpeople?
2. Do you agree with the four factors and the two judgements on their relative weight that underpin our initial preference for SP3? Where you disagree, what evidence supports a different direction?
3. To test the Commission's hypothesis that a broader plan would materially improve the ODP, we are seeking evidence on:
 - a. where the current treatment of small distribution, CER and demand-side resources as inputs risks distorting the ODP

- b. which resources would be most material to co-optimize, and which would risk adding complexity without commensurate benefit
 - c. what modelling capability, data and governance arrangements would be needed to support broader co-optimisation
 - d. the risks a broader plan may create for ODP stability, transparency and accountability, and how these risks could be managed.
4. To test the Commission's hypothesis that a more effective national delivery pathway would materially improve delivery outcomes, we are seeking evidence on:
 - a. where the current interaction between the ISP and the RIT-T creates duplication, delay or unnecessary process complexity
 - b. what specific reforms could be considered to materially improve the timeliness and efficiency of the RIT-T while preserving appropriate scrutiny
 - c. the extent to which a faster and more predictable national pathway would retain more projects within the national framework, rather than moving to jurisdictional pathways
 - d. any implementation risks or trade-offs associated with reforming the RIT-T and related processes.
 5. Are there features of jurisdictional planning and delivery frameworks that the Commission should consider incorporating into the national framework to strengthen its role alongside jurisdictional pathways?

4.4 Gas raises a more fundamental reform question

A fifth strawperson, SP5, sits alongside SP1 to SP4 but addresses a more fundamental question. While SP1 to SP4 are about the future purpose of the ISP within the current legal framework, SP5 asks whether the ISP's purpose should be extended to encompass integrated electricity and gas planning. This would ultimately require amendments to the NEL and the NGL, along with broader institutional change.

Today, the ISP incorporates gas explicitly as an input to electricity system planning, but does not co-optimize gas within the ODP. The ISP draws on projections of gas supply, demand and infrastructure development to test the feasibility and robustness of electricity system outcomes, rather than to determine a least-cost gas investment pathway. Within the modelling for the 2026 ISP, gas-powered generation is treated as an input, noting its importance as a flexible firming and backup resource, supporting reliability, peak demand and system security as coal retires.⁹⁴

The ISP also assesses alternative gas supply chain configurations, including production, pipelines and storage, to check that sufficient fuel is available under a range of conditions, particularly during periods of coincident gas and electricity demand. However, the ISP does not treat these gas development pathways as actionable outputs of the ISP and they do not constitute an optimal plan for the gas sector; investment decisions remain the responsibility of gas market participants and governments.

Stakeholders held divergent views on whether the ISP's purpose should be recast to cover integrated electricity and gas planning. Some stakeholders, including the Grattan Institute, considered that effective energy transition planning requires coordinated planning across

94 AEMO, 2026 ISP, June 2026.

electricity and gas.⁹⁵ Climateworks Centre similarly supported proactive planning for the orderly retirement and repurposing of gas infrastructure, though through changes to the National Gas Rules (NGR) rather than through the ISP itself.⁹⁶ Others, including APA Group, opposed any ISP-style central planning role for gas infrastructure, considering that gas infrastructure is best delivered through market-led investment.⁹⁷ This range of views is consistent with earlier stakeholder feedback summarised in Appendix A of the [consultation paper](#), where ATCO and the Centre for Independent Studies proposed introducing a requirement for AEMO to co-optimize gas and electricity investment in the ISP.

The Commission notes that our *Enhancing distribution network planning & reporting* final rule will facilitate greater consideration of electrification driven by declining gas usage through distribution network planning.⁹⁸ We are also considering changes, as part of the *Gas network in transition* rule change to improve accountability over how gas service providers and gas regulators manage the long-term impacts of uncertain gas demand on gas consumers and service providers. This would support greater transparency over how the long-term impacts of electrification inform access arrangement proposals and decisions.⁹⁹

Together, these reforms provide a foundation of integrated long-term information across gas and electricity, which is relevant context when considering SP5.

We are putting SP5 to stakeholders in parallel with SP1 to SP4, noting that the Commission has no preference on SP5 at this stage. Stakeholder feedback will inform whether further work on a recommendation to expand the scope of the ISP across both electricity and gas is undertaken.

4.4.1 Strawperson 5 - Co-optimisation across electricity and gas

Purpose: The ISP is the independent, long-term national plan for the efficient development of integrated electricity and gas infrastructure investment in Australia, in the long-term interests of consumers. It triggers project specific assessment for the network infrastructure projects needed to deliver the integrated plan.

SP5 sets the ISP's purpose across electricity and gas infrastructure investment as an integrated planning exercise.

SP5 reflects the view, raised by some stakeholders, that the energy transition requires coordinated planning across electricity and gas, including coordinated network retirement and repurposing, and that the ISP should provide that integrated plan.

How the plan gives effect to this purpose: The plan would extend its decision variables to include gas pipelines, storage and decommissioning alongside electricity generation, storage, transmission and distribution. Integrated planning across electricity and gas, including the modelling architecture required, would need to be worked through carefully. The experience in Great Britain suggests that an architecture including multiple linked instruments with different methodologies may be considered, set out in Box 5.

How the actionability mechanism gives effect to this purpose: As the RIT-T applies to electricity only, and gas networks have no current equivalent under the NGR, we ask for stakeholder views on

⁹⁵ Grattan Institute, submission to the consultation paper, p 8.

⁹⁶ Climateworks Centre, submission to the consultation paper, p 3.

⁹⁷ APA, submission to the consultation paper, pp. 4-5.

⁹⁸ AEMC, *Enhancing Distribution Network Planning and Reporting*, Final determination, 16 July 2026, p. 16.

⁹⁹ AEMC, *Gas Networks in Transition*, Directions paper, 19 March 2026, pp. 29-56.

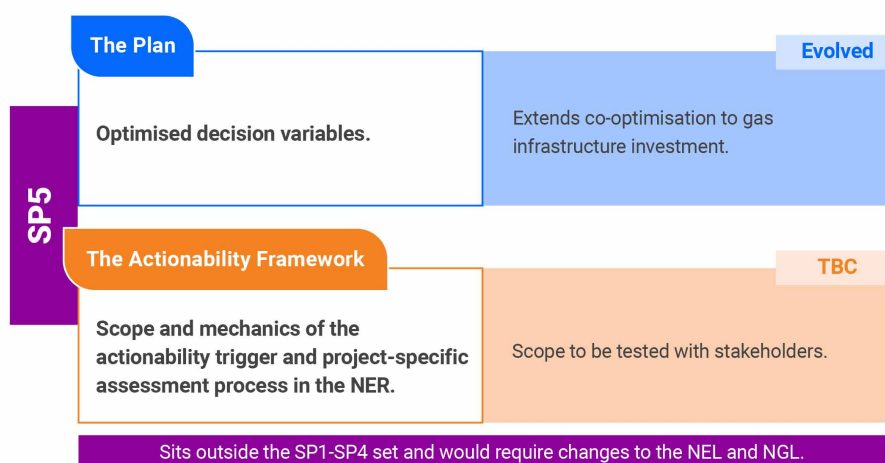
how delivery could be triggered for gas infrastructure investments, or for integrated electricity and gas investments.

Compared to the 2026 ISP: The plan would be fundamentally broader than the 2026 ISP, where gas is treated as a fuel input to electricity planning rather than as infrastructure the plan can build, repurpose or retire. Delivering this would likely require more than an extension of AEMO's current ISP modelling approaches and a broader consideration of planning instruments and architecture.

Value: SP5 offers the most complete planning view of the energy transition across electricity and gas of the five strawpeople, addressing coordination needs between the two sectors as the system shifts towards a renewable-driven system with gas playing a critical role supporting reliability.¹⁰⁰

Trade-off: This change carries the most substantial framework, statutory and institutional change of the five strawpeople. Additionally, fundamental differences between how both regulated and unregulated investment decisions are made in gas vs electricity raise questions about whether a central planning tool or actionability framework would be relevant for gas.

Figure 4.7: Strawperson 5 - Co-optimisation across electricity and gas



Source: AEMC.

4.4.2 Enacting SP5 would require changes to the NEL and NGL

We are presenting SP5 in this discussion paper to give stakeholders a clear opportunity to engage with the question of whether the ISP's purpose should extend to gas, and to provide a structured basis for feedback that can inform future consideration by the Commonwealth and participating jurisdictions.

In considering SP5, the following context is relevant:

- **The NEL does not include gas in AEMO's planning role, and the Commission's position on SP5 is consistent with that:** The Commission's recent rule change on *Better integration of gas and community sentiment into the ISP* required AEMO to expand its analysis of gas in the ISP.¹⁰¹ However, it did not examine whether the ISP should co-optimize both gas and electricity. This is because the ISP's purpose under the current framework is not to centrally plan or provide an

¹⁰⁰ AEMO, 2026 ISP, p. 89.

¹⁰¹ AEMC, [Better integration of gas and community sentiment into the ISP](#) final determination, 19 December 2024.

outlook on new gas infrastructure. SP5 opens a different question than considered in the rule change – whether the framework itself should change. The two positions are consistent: the rule change resolved how gas should be treated within the ISP under the current law; SP5 asks stakeholders whether this Review should recommend the law should change.

- **The NEO and the National Gas Objective (NGO) are separate:** The NEO and NGO are framed around the long-term interests of consumers of, respectively, electricity and covered gas. Any recommended expansion of the ISP’s scope to cover integrated electricity and gas may require consideration of how the objectives relate.

We invite stakeholder views on whether the ISP’s purpose should extend to gas, and on what evidence would support this direction. In bilateral discussions, stakeholders have put forward views about extending the ISP’s purpose even further, for example into sectors such as transport. While we have focused our consideration on the ISP as a planning process for the energy sector, we also welcome any stakeholder views on these broader questions.

Box 5: The Great Britain experience: what integrated planning would require

Great Britain’s new Centralised Strategic Network Plan (CSNP) approach is the most developed example internationally of strategic network planning across electricity, gas and hydrogen. The first version has yet to be published, but the way it has been built provides a reference for what integrated planning across electricity and gas could involve in practice. We note this is a very recent development, and is actively evolving.

GB has not built a single integrated optimisation model. The National Energy System Operator’s (NESO’s) conditionally approved methodology for the CSNP sets out a four-step process (that is, identify needs, develop options, appraise them and recommend delivery) that coordinates electricity, gas and hydrogen analyses at the planning level rather than through a single integrated optimisation.¹ Each sector is analysed with its own approach, with cross-sector coordination layered in through the planning process.

The CSNP sits alongside other planning instruments that do different parts of the analytical work. Under Ofgem’s design, NESO produces the CSNP, the Strategic Spatial Energy Plan (SSEP) and the Regional Energy Strategic Plans (RESPs) as linked but distinct instruments.² The SSEP sets a single generation and demand pathway out to 2050 and feeds into the CSNP as an input. Gas modelling continues to draw on NESO’s Future Energy Pathways because the SSEP does not yet cover the gas system beyond its role supporting electricity generation.³ The RESPs provide a regional and distribution-level view.

The GB design is still building toward true cross-vector optimisation. Ofgem’s CSNP decision document acknowledges that the cross-vector elements of the methodology are still being developed, and notes stakeholder concerns about how the electricity, gas and hydrogen elements would coordinate.⁴ The first CSNP is now in its initial cycle, and integrated cross-vector optimisation is a direction the methodology is building toward rather than a delivered capability.

Source: ¹ In April 2026, Ofgem conditionally approved the CSNP methodology on the basis that NESO satisfy two conditions where additional detail is required. See more [here](#); ² Ofgem, [Centralised Strategic Network Plan Guidance](#), November 2025; ³ NESO, [Future Energy Scenarios: Pathways to Net Zero](#), November 2025; ⁴ Ofgem, [Centralised Strategic Network Plan Decision](#), November 2025.

Question 6: We will consider potential benefits of extending the ISP to gas

1. What benefits would extending the ISP’s purpose to co-optimize across both electricity and gas infrastructure investment bring? What risks would it introduce?
2. If the ISP’s purpose were to extend to gas, what evidence or considerations would be relevant in determining the scope of any associated actionability mechanism?

5 We are considering several issues in parallel with the question of the ISP's purpose

Box 6: Key issues that may persist across all possible futures of the ISP that reduce the value of the ISP

Stakeholders consider that there are several issues with the ISP's regulatory frameworks that may materially reduce the value of the ISP as a national planning tool to inform decision-making. This includes issues which may lower investor confidence and reduce the timely and efficient delivery of the ODP, leading to poorer outcomes for consumers. We consider that many of these issues will persist across all the strawpeople set out in chapter 4.

The Commission is considering these issues, alongside our consideration of the ISP's purpose and any other new issues raised in response to this discussion paper. We are seeking stakeholder feedback on the materiality, causes and consequences of these issues, and potential solutions to address them. This will inform our assessment of potential reform opportunities that we would recommend in the draft report.

We are considering issues with the planning framework that may reduce the value of the plan to inform investment and policy decisions including issues with:

- the comprehensiveness and transparency of inputs, assumptions and scenario testing

We are considering issues with the delivery framework that may reduce the timely and efficient delivery of the ODP including issues with:

- the requirements on the RIT-T to align with the ISP
- the reassessment of actionable ISP projects across ISP cycles
- potential duplication or inefficiencies between the ISP and the RIT-T
- clarity over how projects are treated when they progress through, or transition between, the RIT-T and jurisdictional planning pathways

We are considering issues with the governance framework that may reduce consumer and stakeholder trust in the ISP including:

- opportunities to improve stakeholder engagement and accessibility
- challenges that make it difficult for the ISP Consumer Panel to represent consumer interests
- joint planning and information sharing arrangements
- inflexibility of the IASR and ISP publishing cycles and the ISP update process
- a lack of clarity over how ISP projects are presented

We propose not to further consider at this time:

- reform to specifically incentivise network businesses to deliver non-network options as this would be explored more broadly as part of the Electricity Network Regulation Review (ENRR)
- reforms to specifically improve community engagement with the ISP and RIT-T as recent reforms should be given an opportunity to work
- incremental changes to the dispute resolution framework as changes would not materially improve the ISP framework

- incentives that may promote the timely delivery of ISP projects because we remain of the view that the benefits of undertaking further work on timely delivery incentives are unlikely to outweigh the costs of doing so.

Stakeholder submissions to the consultation paper identified a range of practical improvements that could strengthen the ISP framework.

We undertook a preliminary assessment of these issues and considered:

- how the issue relates to the purpose of the ISP, in particular whether it would need to be addressed in some form regardless of which purpose statement is ultimately adopted
- the materiality of the issue
- whether the issue has been considered previously or is better addressed by another process.

In this chapter, we outline several issues under the workstreams of the review that, based on our preliminary assessment, we consider may present opportunities to materially improve the ISP's value under the workstreams outlined in chapter 1. We note stakeholders also provided detailed feedback on specific approaches to modelling, framework design, rule drafting and other matters that we view are best considered once the purpose and broader issues have a clear direction, and will address these in our Draft Report.

This chapter outlines:

1. **Issues under the planning workstream that may reduce the value of the plan to inform investment and policy decisions** - specifically issues with the methodologies used to develop the plan and identify the ODP. Based on stakeholder feedback, we are not limiting our considerations to transmission planning (section 5.1).¹⁰²
2. **Issues under the delivery workstream that may reduce the timely and efficient delivery of major investment** - specifically issues with the actionability framework in the NER that applies to actionable ISP projects (section 5.2).
3. **Issues under the governance workstream that may reduce consumer and stakeholder trust in the ISP** - specifically issues with the functions of developing and publishing the ISP including stakeholder engagement, joint planning and transparency. We are particularly interested in ways to better reflect consumer outcomes in the ISP (section 5.3).

The Commission is seeking stakeholder feedback on the materiality of these issues and potential solutions to inform whether we should seek to resolve these issues through recommendations made as part of our draft report.

These issues do not represent an exhaustive list of issues that we may consider. We will also consider any new issues raised by stakeholders in response to this discussion paper.

In section 5.4, we explain areas that we do not propose to consider further as part of the Review at this stage including:

- the incentive to consider non-network options in the ISP and RIT-T
- improving community engagement with the ISP and RIT-T
- incremental changes to the dispute resolution framework
- incentives that may promote the timely delivery of ISP projects.

¹⁰² Justice and Equity Centre, submission to the consultation paper, p. 5.

We are seeking stakeholder views on whether these issues should be reconsidered as part of this Review.

5.1 Stakeholders raised issues with the comprehensiveness and transparency of inputs, assumptions and sensitivities that may reduce the value of the plan to inform investment and policy decisions

As explained in chapter 2, a key benefit of the ISP is to reduce information asymmetry to support better decision-making across the energy system.

In submissions to the consultation paper, stakeholders strongly valued the ISP as a central source of information to inform investment and policy decisions.¹⁰³ However, stakeholders raised concerns over the comprehensiveness of the ISP's modelling and the strength of its evidence base which could undermine investor and stakeholder confidence in its credibility. This may reduce the ISP's value in supporting investment and policy decisions. In particular, they raised issues with the comprehensiveness and transparency of inputs, assumptions and sensitivities.

The Commission considers that the ISP's modelling approach and sensitivity analysis should produce a robust ODP that represents a truly least-cost approach to meet power system needs. Stakeholders consider that there are issues with the ISP's modelling approach that may make the ODP less comprehensive and robust.

Stakeholders also had concerns over how non-network options are considered in the ISP and RIT-T. As explained in section 5.4.1, this issue will be considered in the broader context of the incentives frameworks considered as part of the ENRR.

5.1.1 The ISP is developed using the IASR and ISP Methodology

The NER requires AEMO to develop and consult on the:¹⁰⁴

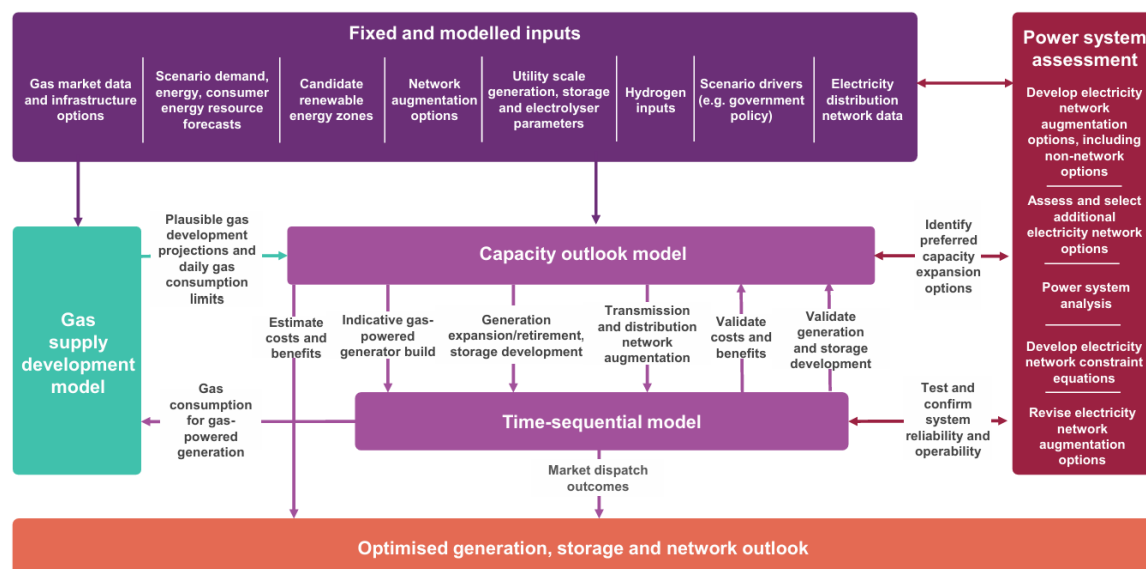
- inputs, assumptions and scenarios to be used for the ISP (the [IASR](#))
- cost benefits analysis and modelling methodology to be used for the ISP ([ISP Methodology](#)).

The Rules do not provide additional guidance or prescription over what should be included in these documents. Instead, the rules require these documents to be developed in accordance with the AER's [Forecasting Best Practice guidelines](#) and for the ISP Methodology to be consistent with the AER's [Cost Benefit Analysis \(CBA\) guidelines](#). Figure 5.1 provides an overview of ISP modelling methodology.

¹⁰³ Submissions to the consultation paper: EnergyAustralia, p. 1; Grattan Institute, p. 2; Energy Efficiency Council, p. 2; ENA, p. 3.

¹⁰⁴ NER clause 5.22.8.

Figure 5.1: Overview of ISP modelling methodology



Source: AEMO, *ISP Methodology: For the Integrated System Plan*, June 2025, p. 7.

The Rules do, however, require the CBA Guidelines to require AEMO to test the robustness of alternative development paths to future uncertainties through scenarios and sensitivities.¹⁰⁵ AEMO is also required to describe how development paths perform under any sensitivities AEMO considers reasonable.¹⁰⁶ In practice, AEMO has significant flexibility to respond to stakeholder feedback and to ensure the ODP is robust.

In December 2024, the Commission published two final rules to better integrate gas and demand side factors as inputs and assumptions into the ISP:

- [Better integration of gas and community sentiment into the ISP](#) final rule
- [Improving consideration of demand-side factors in the ISP](#) final rule

Following these final rules, the 2026 ISP inputs and assumptions include:

- demand-side factors that may affect the power system
- opportunities to upgrade the distribution networks, and
- projections of gas demand, supply and capacity (including infrastructure to support that capacity).

5.1.2 Stakeholders raised concerns with the comprehensiveness and robustness of the ODP

In submissions to the consultation paper, several stakeholders suggested the ISP should improve its consideration of:

- Demand side and distribution network factor inputs and assumptions, including information from any future DS00.¹⁰⁷ Ausgrid considered that the ISP's model has a limited ability to assess localised impacts with sufficient granularity and AEMO's data template was not

¹⁰⁵ NER clause 5.22.5(d)(2).

¹⁰⁶ NER clause 5.22.6(a)(3).

¹⁰⁷ Submissions to the consultation paper: Ausgrid, p. 1; SAPN, p. 1; EEC, pp. 2-3; Nexa, pp. 9-10; ECA, pp. 5-6; Essential Energy, pp. 2-3; Justice and Equity Centre, p. 9.

sufficiently stress tested.¹⁰⁸ ENA suggested that the existing demand forecasting approach may not appropriately consider future large industrial loads.¹⁰⁹

- Gas factor inputs and assumptions. APA considered that the draft 2026 ISP materially under forecasts gas powered generation usage and investment needs which risks sending misleading investment signals and jeopardises future system security.¹¹⁰

Stakeholders also acknowledged that ISP projects face significant cost and delivery risks including social licence risks, and recommended AEMO reflect this in the ISP's analysis of the robustness of the ODP.¹¹¹ Stakeholders also identified risks associated with modelling jurisdictional policy constraints.¹¹² They suggested greater clarity and transparency over scenario planning and sensitivity analysis to:

- improve the ISP's robustness to future changes and
- provide more information on the practical constraints to implementing the ODP within specified timeframes, such as supply chain and workforce constraints.

Stakeholders also suggested improved consideration of matters related to system security, strength and reliability:

- CS energy also suggested that sensitivity analysis could explore more system security considerations.¹¹³
- Hydro Tasmania considered there should be greater transparency over how system services and flexibility requirements are assessed and valued within the ISP.¹¹⁴
- EnergyAustralia suggested that the explicit treatment of resilience to low-probability, high-impact events could be strengthened.¹¹⁵

JEC acknowledged that the NER provides AEMO with significant flexibility to continuously improve and evolve the ISP. However, JEC considers that AEMO does not sufficiently exercise this flexibility and considers that there are more benefits to providing prescriptive guidance to AEMO on the production of various elements of the ISP than providing AEMO flexibility to determine its own practices.¹¹⁶

5.1.3 More evidence is required to determine whether changes would materially improve the plan in areas not previously considered by the Commission

We are considering whether the scope of co-optimisation should be broadened, as outlined in chapter 4. Regardless of the approach taken it is important that the ISP draws on a comprehensive set of gas and demand side inputs and assumptions when developing the ODP. This will strengthen investor and policymaker confidence that the ODP reflects the full range of relevant system considerations. We seek stakeholder views on whether further changes to the Rules or guidelines are needed to strengthen these inputs and assumptions to complement recent reform and further work on co-optimisation.

In our [Clarifying the treatment of jurisdictional policies and system costs in the ISP](#) final determination, the Commission explained that we consider the existing rules sufficiently enable

108 Ausgrid, submission to the consultation paper, pp. 2-3.

109 ENA, submission to the consultation paper, p. 2.

110 Submissions to the consultation paper: APA, p. 6; Grattan Institute, p. 8; Climateworks Centre, p. 9; ECA p. 5.

111 Hydro Tasmania, p. 1; Climateworks Centre, p. 6; ENA, p. 7; Nexa Advisory, pp. 4-6; Essential energy, pp. 8-9; AEC, pp. 2-3, Nexa Advisory, p. 6.

112 Tasmanian Small Business Council, p. 3; Origin, p. 2; AEC, p. 3.

113 CS Energy, submission to the consultation paper, p. 2.

114 Hydro Tasmania, submission to the consultation paper, p. 8.

115 EnergyAustralia, submission to the consultation paper, p. 2.

116 JEC, submission to the consultation paper, p. 7.

AEMO to assess uncertainty around when targets will be met. Under the existing rules, AEMO can use sensitivity analysis to inform how the ODP performs under a wide range of different assumptions. This includes carrying out sensitivity analyses to test cases where jurisdictional targets may not be achieved in their stated timeframes.¹¹⁷

In the final 2026 ISP, AEMO modelled the ODP against several sensitivities including:¹¹⁸

- different levels of CER coordination
- different levels of energy efficiency
- higher demand from industrial loads including data centres and
- constrained delivery of generation and transmission projects in the ODP.

As a result of this sensitivity testing, AEMO concludes that the ODP remains robust to these risks and would continue to deliver net benefits to consumers even where project costs increase and projects are delayed.

The Commission acknowledges that there is a balance between the value of prescription which creates more consistency, certainty and transparency of ISP modelling outcomes and flexibility for AEMO to evolve the ISP to meet the changing needs of the energy system and exercise its professional judgement. Consistent with our *Clarifying the treatment of jurisdictional policies and system costs in the ISP* final determination, we consider that providing prescriptive rules to include a more prescriptive approach for AEMO to conduct sensitivities, is unnecessary to achieve the desired outcome. It may unnecessarily constrain AEMO's ability to respond to future changes in circumstances.¹¹⁹

The *Clarifying the treatment of jurisdictional policies and system costs in the ISP* final determination also examined cost inputs informing the ISP. We considered that the current rules regarding which costs must be included in the ISP are appropriate and provide sufficient flexibility for relevant whole of system costs to be included in the ISP. Whilst we consider that it is important for the ISP to have a comprehensive set of cost inputs, it is not the role or purpose of the ISP to attempt to cost every element of the electricity supply chain end-to-end. There is no strong rationale for making a rule to broaden the categories of costs that must be considered by AEMO when developing the ISP.¹²⁰

We are seeking stakeholder views on any other changes to the specific treatment of inputs and assumptions that may improve the comprehensiveness of the ISP's analysis and how a more comprehensive set of inputs and assumptions would materially improve the value of the ISP.

Question 7: Evidence of material issues with the planning framework and potential solutions

1. Does the ISP's existing modelling approach reduce the credibility of the ODP? If so, how?
2. How would more comprehensive modelling change the outcomes of the ODP?
3. What further prescription in the NER or guidelines would help the ISP better support investment and policy decisions?

117 AEMC, *Clarifying the treatment of jurisdictional policies and system costs in the ISP*, Rule determination, 9 July 2026, p. 13.

118 AEMO, *Integrated System Plan*, June 2026, p. 12.

119 AEMC, *Clarifying the treatment of jurisdictional policies and system costs in the ISP*, Rule determination, 9 July 2026, p. 16.

120 AEMC, *Clarifying the treatment of jurisdictional policies and system costs in the ISP*, Rule determination, 9 July 2026, p. 24.

5.2 Submissions identified issues with the delivery framework that may reduce the timely and efficient delivery of the ODP

As discussed in chapter 2, the ISP's actionability framework remains a key mechanism for translating long-term system planning into investment outcomes, by identifying priority transmission projects and providing a pathway for these projects to be assessed and progressed in a manner intended to promote least-cost outcomes for consumers.

In our *Clarifying the treatment of jurisdictional policies and system costs in the ISP* final determination, the Commission indicated that this Review would consider issues relating to the operation of the ISP and RIT-T processes for actionable projects, including how ISP scenarios, inputs and sensitivities are applied in the RIT-T.¹²¹ This section takes forward that work.

Stakeholders raised concerns that the current actionability framework is not functioning as originally intended, and this may reduce the timely and efficient delivery of actionable ISP projects.¹²² Specifically, stakeholders identified issues with how the framework operates in practice:

- **Alignment of the RIT-T with the ISP** - the current requirements for RIT-T proponents to align with ISP parameters may not strike the right balance between consistency and the flexibility needed to reflect emerging or project-specific information.
- **Reassessment by AEMO of actionable ISP projects across ISP cycles** - the current approach to reassessing projects in each ISP cycle may not strike the right balance between maintaining consumer protection and providing certainty to proponents, investors and communities.
- **Potential duplication between the ISP and RIT-T processes** - the sequential nature of the ISP and RIT-T processes, and the way they are required to interact, may create duplication and contributes to timing challenges. There may be opportunities to streamline the interaction between the ISP and RIT-T.
- **Regulatory uncertainty created by projects moving between pathways** - the existing framework may not provide sufficient clarity to RIT-T proponents and stakeholders about how projects should be treated when they move between, or interact across, the national RIT-T pathway and jurisdictional planning frameworks.

As outlined in chapter 4, we will consider targeted improvements to the RIT-T across all future purposes of the ISP. This section explores these four issues in more detail and seeks stakeholder views on where targeted changes to the delivery framework may improve its operation in practice.

5.2.1 Issues with aligning the RIT-T with the ISP

The Commission considers that it is important for the RIT-T framework to be sufficiently flexible to enable it to efficiently operate in practice. Stakeholders have raised concerns that the current framework may place too great an emphasis on maintaining consistency with ISP inputs and assumptions, limiting the ability of RIT-T proponents to respond to new information, project-specific circumstances and changing market conditions.

Currently, RIT-T proponents are required to align the RIT-T with ISP inputs and assumptions

The NER requires the RIT-T to align with the ISP's parameters including the scenarios used to assess future development pathways.¹²³ The CBA guidelines specify how RIT-T proponents must

121 AEMC, *Clarifying the treatment of jurisdictional policies and system costs in the ISP*, final determination, 2026, p. iv.

122 Submissions to the consultation paper: Nexa Advisory, p. 3; Centre for Independent Studies, p. 22.

123 NER clause 5.15A.3.

apply ISP parameters and the circumstances where proponents can depart from them. These circumstances include where there has been a material change that would affect ISP inputs that has not been reflected in the most recent ISP.¹²⁴

These requirements are intended to ensure that transmission investments are assessed against a consistent set of assumptions about how the power system may evolve. By using the same underlying inputs, assumptions and scenarios, the ISP and RIT-T frameworks can work together to support coordinated planning and provide confidence that investment decisions are being assessed on a comparable basis. At the same time, the framework recognises that circumstances can change over time and that project-specific factors may arise that are not reflected in the most recent ISP. The Rules and guidelines therefore provide for proponents to depart from ISP parameters in limited circumstances.

Stakeholders raised concerns that the current framework may not provide RIT-T proponents with appropriate flexibility to depart from ISP inputs, assumptions, scenarios and sensitivities. AEMO suggested that the Review should consider whether there is a need for increased flexibility in inputs and assumptions between the ISP and RIT-Ts across time, to ensure that the need for alignment is not hindering timely and efficient investment decisions.¹²⁵

AEMO and ENA identified two areas where greater flexibility may be required, to enable RIT-Ts to:¹²⁶

- adopt different assumptions to reflect new or localised information
- apply different scenarios or sensitivities.

Adopting different assumptions would improve the RIT-T's ability to reflect new or localised information

In their submissions, AEMO and ENA suggested the current application of the CBA guidelines may limit the ability of RIT-T proponents to incorporate new, evolving or localised information not yet reflected in ISP inputs and assumptions.¹²⁷

The NER enables proponents to depart from ISP parameters where there are demonstrable reasons. However, the CBA guidelines seem to limit what parameters can be considered to only those that are expected to be captured in a subsequent ISP or IASR.¹²⁸ In bilateral discussions, AEMO explained that project-specific RIT-T assessments may identify additional sources of market benefits or avoided costs that were not, or could not, be captured in the NEM-wide ISP assessment and so the CBA guidelines would not allow these parameters to be considered in the RIT-T.

To address this issue, AEMO suggested that greater flexibility may be warranted to allow project-specific assessments to incorporate local information, emerging evidence and additional sources of market benefits or avoided costs, while maintaining consistency with the broader ISP framework.¹²⁹ Similarly, ENA suggested that the NER could be reviewed to provide greater flexibility for AEMO and RIT-T proponents to agree to variations from the assumptions in the latest ISP where justified by new information identified through the RIT-T process. ENA considered that this would better support the iterative nature of transmission planning, where new information can appropriately inform decision-making as projects progress.¹³⁰

124 AER, Cost Benefit Analysis guidelines, 2024, p. 66.

125 AEMO, submission to the consultation paper, p. 5.

126 Submissions to the consultation paper: AEMO, p. 5; ENA, p. 13.

127 AEMO, submission to the consultation paper, p. 5.

128 ENA, submission to the consultation paper, p. 14.

129 AEMO, submission to the consultation paper, p. 5.

ENA notes that even where a RIT-T can reflect new information that was not included in the ISP, the current NER provisions in relation to the feedback loop may be too restrictive to allow this to happen, if AEMO is not able to issue an ISP update.¹³¹

The Commission previously amended the feedback loop provisions through its *Improving the workability of the feedback loop* final rule which commenced on 14 March 2024. The rule enabled the feedback loop to be assessed against the most recent ODP in either a draft or final ISP, ensuring decisions are based on the latest assumptions, scenarios and forecasts. This improved flexibility by ensuring TNSPs and AEMO are not constrained by an older ISP when new information becomes available. However, as ENA noted, there may be challenges with the current feedback loop assessment arrangements if a RIT-T proponent were to adopt materially different inputs and assumptions.¹³²

Applying different scenarios or sensitivities would also improve the RIT-T's ability to reflect new or localised information

Under the current CBA guidelines, RIT-T proponents must apply ISP scenario weightings when aggregating net benefits across scenarios. The guidelines also allow AEMO to determine that one or more ISP scenarios that should not apply to a particular RIT-T. In those circumstances, the excluded scenario is effectively assigned a zero weighting and the relative weightings of the remaining scenarios are adjusted accordingly.¹³³

AEMO can also revise scenarios in subsequent iterations of the IASR where it considers they no longer reflect plausible future states. However, RIT-T proponents are generally required to maintain consistency with the most recent ISP inputs and assumptions applying to the RIT-T and may only depart from them where there are demonstrable reasons for doing so.¹³⁴

Stakeholders consider that two issues emerge from these arrangements:

- **Divergence that creates investment risk:** AEMO considered that it should have the ability to alter scenarios and/or key assumptions in response to the current environment without unduly impacting investment processes already underway. AEMO noted that the interaction between the ISP's biennial publication cycle and RIT-T processes that are already underway means scenarios and sensitivities used in a RIT-T may diverge from those adopted in a later ISP. AEMO explained that the current ISP framework does not have the flexibility to cascade changes of this nature to RIT-Ts in progress, though it would not necessarily be desirable to start the RIT-T process again to incorporate this new information unless the project was no longer likely to deliver benefits to consumers.
- **Project-specific risk not reflected:** ENA argued that the current scenario weighting approach limits RIT-T proponents' ability to adjust scenario weightings to reflect project-specific conditions and sensitivities. ENA considered this may reduce the ability of RIT-T assessments to reflect localised risks and circumstances identified through the project-level assessment process. To address this issue, ENA proposed confirming AEMO's flexibility to direct RIT-T proponents to exclude scenarios from specific RIT-T assessments where doing so would better reflect those localised risks and circumstances.¹³⁵

¹³⁰ ENA, submission to the consultation paper, p. 14.

¹³¹ Ibid.

¹³² Ibid.

¹³³ AER, Cost Benefit Analysis Guidelines, 2024, p. 65.

¹³⁴ AEMO, submission to the consultation paper, p. 3.

¹³⁵ ENA, submission to the consultation paper, p. 14.

EnergyAustralia identified a related transparency issue, but proposed a different solution. Rather than changing the treatment of scenarios in the RIT-T, it proposed that AEMO publish project-level robustness metrics, such as breakeven sensitivities and timing deltas relative to the previous ISP, to improve stakeholder understanding of how sensitive project outcomes are to key assumptions and why preferred options are selected.¹³⁶

More evidence is required to determine whether greater flexibility is appropriate

Stakeholder feedback suggests there may be a trade-off between maintaining consistency and comparability across the ISP and RIT-T frameworks, and providing sufficient flexibility to reflect project-specific circumstances, evolving information, and changing market conditions.

These concerns appear to relate primarily to how the CBA guidelines apply in practice, rather than the underlying requirements contained in the Rules themselves. We are interested in stakeholder feedback on examples where the application of the existing CBA guidelines may lead to poorer outcomes for consumers and what changes to the CBA guidelines could better support project-specific assessment while preserving appropriate alignment with the ISP.

5.2.2 Issues with the reassessment of actionable ISP projects

The Commission considers it is important the regulatory framework balances investment certainty with appropriate consumer protections. Stakeholder feedback on the reassessment of actionable ISP projects highlights a potential tension between ensuring projects continue to deliver net benefits to consumers and providing certainty to investors, project proponents and affected communities.

Projects are reassessed in each ISP until they reach committed or anticipated status

Under the NER, AEMO must, for the ODP, identify the actionable ISP projects.¹³⁷

In practice this means that AEMO must reassess whether a project meets the criteria of an actionable project until a project becomes 'committed' or 'anticipated'. Section 5.3.5 explains the definitions of committed and anticipated projects. Practically, where a RIT-T is not completed before the next ISP, the ISP will re-assess whether a project remains actionable.

Stakeholders consider reassessing actionable ISP projects creates investment uncertainty

Stakeholders, including AEMO and ENA, have raised concerns that this approach can create uncertainty about a project's pathway and timing.¹³⁸ They noted that this uncertainty may affect investor confidence, and may impact local planning processes and community relationships.

AEMO considered that improvements to the reassessment process could be explored to ensure that the re-prosecution of previously actionable ISP projects continues to provide appropriate consumer safeguards without creating unnecessary uncertainty for investors and impacted communities.¹³⁹

To mitigate the risks and uncertainty created by the reassessment process, ENA suggested AEMO provide clarity on whether a RIT-T should continue even where a project is no longer actionable. ENA suggested that completing early works and the RIT-T as stage 1 of a project would maintain

¹³⁶ EnergyAustralia, submission to the consultation paper, p. 4.

¹³⁷ NER clause 5.22.6.

¹³⁸ Submissions to the consultation paper: AEMO, p. 5; ENA, p. 2.

¹³⁹ AEMO, submission to the consultation paper, p. 5.

the momentum of the RIT-T.¹⁴⁰ This is consistent with the approach for the Northern Transmission project. The 2026 ISP reclassified the project from an actionable to a future ISP project but AEMO considered that the RIT-T currently underway should be completed.¹⁴¹

Conversely, EnergyAustralia suggested that AEMO's ability to revisit conclusions once projects are actionable is constrained and that we should consider changes to enable significant cost or timing changes to trigger a proportionate reassessment of whether projects remain optimal.¹⁴²

We are seeking feedback on whether the re-assessment of actionable ISP projects strikes the right balance between investment certainty and consumer protection

Reassessing projects at early stages of development can help ensure they continue to deliver net benefits to consumers as conditions change. This highlights a potential trade-off between maintaining investor confidence and relationships with communities, and ensuring appropriate consumer protections. We are interested in stakeholder views on how reassessment of actionable ISP projects leads to poorer outcomes for consumers and what changes could be made to ensure timely delivery and appropriate consumer protections.

5.2.3 Potential duplication between the ISP and RIT-Ts

The Commission considers the actionability framework should provide robust scrutiny of major transmission investments while avoiding unnecessary duplication and complexity that could create delays. Stakeholders' feedback suggests the interaction between the ISP and the RIT-T reveals a balance between rigour and timeliness.

The RIT-T is a more detailed, project specific, economic assessment following the ISP

Under the current framework, the ISP and RIT-T operate as sequential stages of the transmission planning and investment process, with the ISP identifying energy system needs and undertaking system-level assessment.¹⁴³ The RIT-T then identifies the preferred option that would deliver the highest net benefit whilst addressing the identified need.¹⁴⁴

Stakeholders hold differing views on whether the current process is appropriately balanced

In the Transmission planning and investment review (TPIR), we noted that this Review will further explore opportunities to streamline the economic assessment process including:¹⁴⁵

- centralising the cost-benefit analysis and option identification
- removing the net benefits assessment

Stakeholder feedback to the consultation paper suggests that these streamlining opportunities may inappropriately reduce the rigour of the RIT-T and shift analysis into the ISP that may be impractical for AEMO to undertake.

Some stakeholders consider that the current economic assessment process strikes an appropriate balance between timeliness and rigour.¹⁴⁶

¹⁴⁰ ENA, submission to the consultation paper, p. 2.

¹⁴¹ AEMO, *2026 Integrated System Plan*, June 2026, p. 22.

¹⁴² EnergyAustralia, submission to the consultation paper, p. 2.

¹⁴³ NER clause 5.22.6.

¹⁴⁴ NER clause 5.15A.1.

¹⁴⁵ AEMC, *Transmission planning and investment review*, Stage 3 final report, 4 May 2023, pp. 21-26.

¹⁴⁶ Submissions to the consultation paper: Hydro Tasmania, p. 4; EnergyAustralia, p. 4.

AEMO and ENA have emphasised the value of retaining both the ISP and the RIT-T as distinct elements of the planning framework.¹⁴⁷ AEMO cautioned against incorporating the RIT-T benefits assessment into the ISP, noting that the ISP performs a strategic system-planning function while the RIT-T provides a more detailed project-level assessment.¹⁴⁸ Similarly, ENA did not support incorporating the RIT-T benefits into the ISP, considering that it could reduce the rigour of project assessment and undermine social licence outcomes without delivering commensurate benefits.¹⁴⁹

However, some stakeholders have suggested that the interaction between the ISP cycle and the RIT-T process may, in some cases, contribute to longer process timeframes, and that this interaction may give rise to duplication or timing challenges.¹⁵⁰ In particular, this may occur where elements of the cost-benefit analysis and option assessment that are undertaken at a system level in the ISP are subsequently reassessed as part of the RIT-T process. While this structure supports a high degree of scrutiny and consultation at the project level, some stakeholders consider that it may also contribute to additional process complexity or administrative burden in certain circumstances.¹⁵¹

We are seeking feedback on opportunities to streamline the economic assessment process

The Commission considers that streamlining the RIT-T should not reduce its value and distinct role in the EAP. This Review will not consider streamlining changes that would inappropriately reduce the rigour of the RIT-T. Instead, it is beneficial to consider opportunities to streamline the RIT-T through minimising duplication and complexity without compromising the comprehensiveness and robustness of the RIT-T as an important consumer protection. We seek stakeholder views on whether elements of the RIT-T are unnecessarily duplicative of the ISP process.

5.2.4 Regulatory uncertainty created by projects moving between pathways

It is important for stakeholders to understand the regulatory treatment of ISP projects that progress between the national and jurisdictional planning frameworks. Stakeholders suggest that this may be unclear.

ISP projects can shift between multiple planning frameworks

The existing national rules-based mechanisms, including the RIT-T rules, material change in circumstances (MCC) provisions and the contingent project application process, were originally developed in a context where projects were expected to progress within a single, national pathway.¹⁵²

Following the introduction of jurisdictional planning frameworks these national frameworks have continued to operate without amendments to reflect the evolved planning landscape. This means that there are several distinct planning frameworks that ISP projects may progress under.

¹⁴⁷ Submissions to the consultation paper: AEMO, p. 1; ENA, p. 8.

¹⁴⁸ AEMO, submission to the consultation paper, p. 1.

¹⁴⁹ ENA, submission to the consultation paper, p. 8.

¹⁵⁰ Nexa Advisory, submission to the consultation paper, p. 7.

¹⁵¹ ENA, submission to the consultation paper, p. 11.

¹⁵² NER clauses 5.15A, 5.16, 6A.8.

Stakeholder feedback highlights the risk that multiple planning frameworks create regulatory uncertainty

In response to our consultation paper stakeholders sought greater clarity on the interaction between jurisdictional planning frameworks and the ISP.¹⁵³ While feedback has largely focused on the broader challenges arising from the coexistence of these frameworks, a related issue is a lack of clarity on how regulatory frameworks apply to projects where they move between, or interact across, national and jurisdictional pathways. Origin notes that observed differences in the outcomes between these jurisdictional planning documents and the ISP may create confusion and uncertainty regarding likely infrastructure development pathways.¹⁵⁴

Stakeholder feedback suggests that, in these circumstances, the existing mechanisms may not always operate in a consistent or practical way, and that there may be some confusion over which provisions in each framework apply to the project once it has moved frameworks.¹⁵⁵ This can have implications for accountability, cost recovery and consumer outcomes.

The following example illustrates the type of situation in which the existing mechanisms may not clearly apply. It is provided to help focus stakeholder feedback on where uncertainty may arise as projects move between national and jurisdictional pathways, and does not seek to characterise any specific project or proponent.

Box 7: Illustrative example: A project moving between pathways

Consider an interregional transmission project identified as actionable in the ISP, with joint proponents named in each of the two jurisdictions the project spans. The proponents undertake an initial RIT-T jointly, and a preferred option is identified on that joint, interregional basis, reflecting the project as a single integrated undertaking.

Following the commencement of the RIT-T, one jurisdiction elects to bring its portion of the project within its own jurisdictional planning framework. The remaining portion continues under the NER. The ISP is not updated and continues to list the project as actionable, with both proponents still named, on the basis that the interregional need identified by the ISP has not changed.

In this scenario, a number of high-level questions arise about how the existing project assessment process and mechanisms apply to the part of the project that continues to progress under the national framework:

- **Maintaining a consistent ISP classification** - The ISP may continue to list the project as a single actionable project even once delivery has, in practice, split into two separate undertakings under two frameworks. It is not clear how this mismatch should be resolved, including whether the RIT-T for the remaining portion should be reapplied on a standalone basis to reflect what is actually being delivered.
- **Triggering and progressing the MCC process** - The MCC provisions assume RIT-T proponents jointly determine whether a material change has occurred and agree a plan of action with the AER. Once one proponent's portion is delivered under a different framework, it is not clear that proponent retains any obligations under the NER at all, leaving the remaining proponent without a clear way to discharge an obligation that was designed to be joint.
- **Assessing costs and benefits under the RIT-T** - Where part of an integrated project transfers to a jurisdictional framework, it is not clear whether the RIT-T for the remaining portion should

¹⁵³ Submissions to the consultation paper: AEC, p. 3; Origin pp. 1-2.

¹⁵⁴ Origin, submission to the consultation paper, p. 2.

¹⁵⁵ Submissions to the consultation paper: ENA, p. 14; Grattan Institute, p. 6.

count only the market benefits attributable to that remaining scope, or the full benefits of the project as an integrated system, including benefits enabled by the transferred portion.

This uncertainty is not merely procedural. Delay arising from any reassessment of the remaining portion could itself create pressure to bring that portion into the jurisdictional framework, as a means of avoiding delay rather than as a pathway chosen on its merits.

This example illustrates a type of situation the existing rules and guidance (including the AER's cost-benefit analysis guidance) were not designed to accommodate – that is, they currently do not contemplate a scenario in which one of two joint proponents ceases to operate under the NER, leaving no clear basis on which the remaining proponent's obligations would apply.

Source: AEMC.

We are seeking feedback on how the framework should treat projects moving between pathways

We are interested in stakeholder views on whether there is a lack of clarity over the application of the regulatory framework to projects moving between pathways and how any lack of clarity impacts the value of the ISP to stakeholders.

Question 8: Evidence of material issues with the delivery framework and potential solutions

1. What are examples of how the existing requirement for RIT-Ts to maintain alignment with the ISP would lead to poorer outcomes for consumers? Should flexibility be improved to better enable proponents to efficiently respond to project-specific circumstances and emerging information?
2. Does the reassessment of actionable ISP projects have material consequences for investment certainty? If so, what is an appropriate alternative approach that ensures consumers are protected from inefficient expenditure?
3. Do TNSPs consider there is any duplication between the ISP and RIT-T which materially impacts the timely delivery of projects? If so, how should this duplication be removed?
4. Is there a lack of clarity between treatment of projects that move between, or interact across, the RIT-T and jurisdictional planning pathways that impacts the value of the ISP, and how can clarity be improved?

5.3 Stakeholders raised issues with the governance framework that may reduce consumer and stakeholder trust in the ISP

The ISP is an important tool for the transition. It is vital that all parties, including consumers, are able to fully engage and provide input to its development. The Commission considers that the ISP's governance framework should promote consumer and stakeholder trust in the ISP. In so doing, the ISP can also build social licence for the energy transition.

Stakeholders have raised several areas that may affect trust in the ISP, including:

- opportunities to improve stakeholder engagement and accessibility
- challenges that make it difficult for the ISP Consumer Panel to comprehensively represent consumer interests
- issues with joint planning and information sharing arrangements
- inflexibility of the IASR and ISP publishing cycles and the ISP update process.
- a lack of clarity over how ISP projects are presented.

As outlined in section 5.4, we are not considering issues specifically about community engagement with the ISP and RIT-T or issues with the dispute resolution framework.

5.3.1 Opportunities to improve stakeholder engagement and accessibility to improve trust in the ISP

Effective stakeholder engagement is key to enabling trust in the ISP's outputs. In submissions, stakeholders acknowledge the good breadth and quality of AEMO's engagement.¹⁵⁶ However, some stakeholders suggested that the ISP's complexity presents difficulties for engagement and accessibility and requires greater clarity and transparency in some areas.

AEMO currently engages with stakeholders through various rules-based and additional methods

The NER requires AEMO to undertake public consultation on the IASR and draft ISP.¹⁵⁷

The Rules prescribe minimum consultation requirements, including requiring AEMO to:

- invite submissions for at least 30 days while developing the IASR and ISP methodology.¹⁵⁸
- include an invitation for submissions in the draft ISP with a deadline of at least 30 business days after publication.¹⁵⁹
- consider submissions to each of these documents and summarise any material issues and AEMO's response to these issues.¹⁶⁰

To improve accessibility of the ISP and IASR publications, AEMO publishes various supporting materials including workbooks, summary documents and other explanatory materials.¹⁶¹

Additionally, AEMO publishes an ISP Stakeholder Engagement Plan, which sets out their intended engagement approach during the ISP's development. In alignment with this plan, AEMO undertakes workshops, meetings and other engagement processes to incorporate stakeholder feedback.¹⁶²

Figure 5.2 sets out the engagement process.

¹⁵⁶ Submissions to the consultation paper: ISP consumer panel, p. 4; Hydro Tasmania, p. 6, ENA, p. 10.

¹⁵⁷ NER clauses 5.22.8, 5.22.11 and 5.22.13.

¹⁵⁸ NER clause 5.22.8 (b)(1).

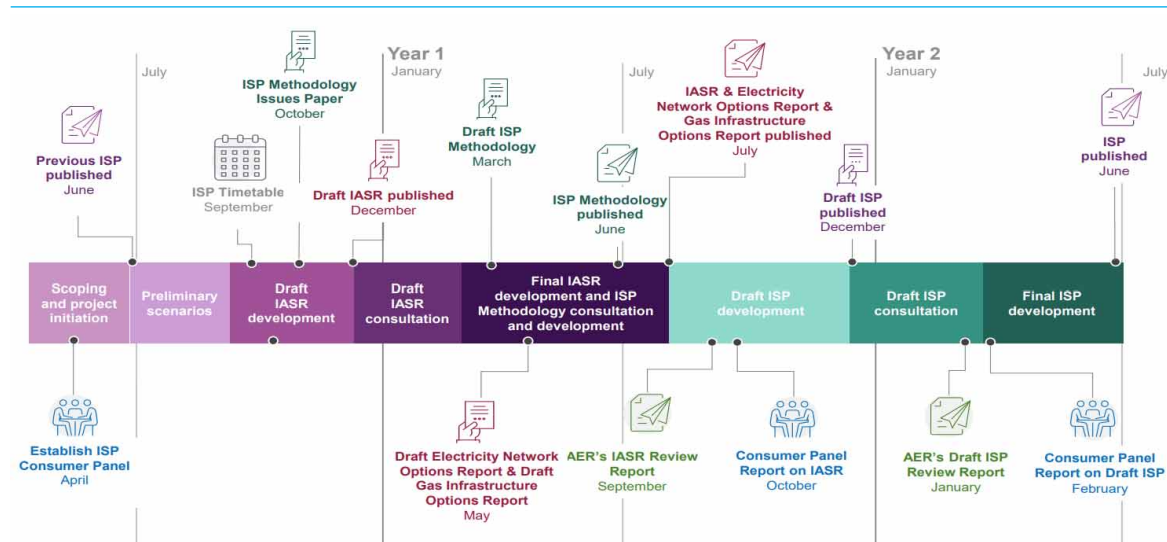
¹⁵⁹ NER clause 5.22.11(a)(3).

¹⁶⁰ NER clauses 5.22.8 (b)(2)-(3) and 5.22.14(c).

¹⁶¹ See inclusions in AEMO's [2026 Integrated System Plan](#), under supporting materials.

¹⁶² AEMO, [2026 ISP Stakeholder Engagement Plan](#), pp. 15-17.

Figure 5.2: ISP engagement and development process



Source: AEMO, Consultation with jurisdictions for the Integrated System Plan Guideline, June 2025, p. 3.

Stakeholders raised concerns about the ISP's accessibility and transparency

Stakeholders acknowledged that the complexity of the ISP can make it difficult to engage with. Stakeholders suggested several changes to improve accessibility and engagement in the ISP, and facilitate transparency and trust including:

- Clearer communication in the ISP, given the technical nature of the document. For example, the Tasmanian Small Business Council suggested that the inputs and assumptions used in the report could be presented in 'plain English'.¹⁶³
- More funded support for consumer advocates, as they play an important role in alleviating consumer consultation fatigue.¹⁶⁴
- Requiring AEMO to engage with a broader range of stakeholders. For example, some stakeholders suggested that there should be more engagement with non-network representatives on demand-side matters.¹⁶⁵
- A more transparent and accessible approach to modelling, such as through standardised disclosure requirements and open models or greater replicability of modelling outcomes which would make the ISP's analysis easier to test and audit.¹⁶⁶ We have received a rule change request from ARENA and DlgSILENT Pacific that similarly proposes greater access to modelling data where data is not necessary to keep confidential.¹⁶⁷
- Greater consistency between the ISP and other AEMO-produced documents, such as the Transition Plan for System Security and the Thermal Audit.¹⁶⁸
- Earlier engagement to create more opportunities to shape inputs and assumptions. Hydro Tasmania noted that there is often limited scope to materially adjust inputs or approach within

¹⁶³ Submissions to the consultation paper: ECA p. 4; Tasmanian Small Business Council p. 8.

¹⁶⁴ ISP Consumer Panel, submission to the consultation paper, p. 4.

¹⁶⁵ Submissions to the consultation paper: ISP Consumer Panel p. 4; JEC p. 9.

¹⁶⁶ Submissions to the consultation paper: EnergyAustralia p. 3; ECA p. 7-8, Nexa Advisory p. 1-2.

¹⁶⁷ See rule change request on our website [here](#).

¹⁶⁸ Submissions to the consultation paper; CS Energy, p. 1-2; and Origin, p. 2-3.

the same ISP cycle, with issues instead deferred to future ISPs or considered outside the framework. Hydro Tasmania suggested there should be greater clarity over what information is subject to change at each stage and how stakeholders can influence outcomes.¹⁶⁹

- Improved transparency over how the ISP modelling framework changes between successive ISPs. ECA recommended AEMO produce a retrospective report to explain the differences between the key inputs used in consecutive ISPs.¹⁷⁰

Stakeholders also considered that the ISP should more explicitly represent its outcomes for consumers

Some stakeholders also considered that there should be greater transparency on the impact of the ISP on consumer bills and outcomes.¹⁷¹ ECA and JEC suggested that AEMO should directly consider consumer bill impacts when determining the ODP and explaining what these bill impacts would be in the ISP similar to the NSW Consumer trustee's modelling approach for the [Infrastructure Investment Objectives Report](#).¹⁷² The modelling approach explicitly includes an assessment of the net impact of infrastructure projects on NSW consumer bills.¹⁷³

The Tasmanian Small Business Council explained that for business consumers to understand the impacts of the ISP, it is important for the impacts to be presented at a jurisdictional and regional level.¹⁷⁴

We are seeking stakeholder views on whether changes to the framework could enhance trust in the ISP

The Commission acknowledges greater accessibility and transparency is not always achieved through more information but rather how the information is presented.

The Commission is interested in further stakeholder feedback on how the ISP could better present information and facilitate engagement to improve accessibility. We also seek views on other changes that are needed to improve the value of the ISP as a tool to build social licence in the energy transition.

5.3.2 Challenges that make it difficult for the ISP Consumer Panel to comprehensively represent consumer interests

The ISP Consumer Panel (the Panel) is an advisory panel of consumer representatives and plays an important role in representing consumers' interests throughout the ISP's development. Stakeholders have identified challenges which currently affect the ability of the Panel to represent consumer interests.

The Panel is a formal consumer advisory mechanism

AEMO is required to establish and support the ISP Consumer Panel.¹⁷⁵ The Panel's role is to represent the perspectives of consumers to inform the ISP's development.¹⁷⁶ The Panel is required to provide feedback on the final IASR and the draft ISP within two months of each document's publication.¹⁷⁷ AEMO must consider the Panel's feedback when developing the final ISP.¹⁷⁸

169 Hydro Tasmania, submission to the consultation paper, pp. 5-6..

170 ECA, submission to the consultation paper, p. 6.

171 Submissions to the consultation paper: ISP consumer panel, p. 1; JEC, p. 8; ECA, p. 4.

172 Submissions to the consultation paper: JEC, p. 8; ECA, p. 4.

173 AusEnergy Services Limited (ASL), *2025 Infrastructure Investment Objectives Report*, August 2025, p. 20.

174 Tasmanian Small Business Council, submission to the consultation paper, p. 11.

175 NER clause 5.22.7 (a).

176 For further information, see AEMO's website on the [ISP Consumer Panel](#).

177 NER clause 5.22.7(d).

178 NER, clause 5.22.7(g).

In practice, AEMO frequently engages with the ISP Consumer Panel outside of these formal reporting requirements.¹⁷⁹

Stakeholders considered the contributions of the ISP Consumer Panel could be enhanced

Stakeholders supported the ISP Consumer Panel's purpose, and identified key opportunities to improve the effectiveness of its contribution to the ISP process:

- Stakeholders suggested that the current feedback cycle limits the Panel's ability to inform the development of the IASR. AEMO and the ISP Consumer Panel suggested the Panel be required to provide feedback on the draft IASR instead of the final IASR.¹⁸⁰
- ECA suggests that it is difficult for the panel to engage with the complexity of the ISP. ECA suggested that the ISP Consumer Panel could benefit from a supporting Independent Technical Panel. This would assist the Panel in their assessment of technical aspects of the ISP's modelling.¹⁸¹
- The Tasmanian Small Business Council suggested the Panel may not sufficiently represent the spectrum of consumer views and that small business members should be included in the Panel to improve the Panel's consumer representation.¹⁸²

We are seeking stakeholder views on whether improvements could be made to the ISP Consumer Panel framework

The Commission considers that the regulatory framework should support a range of consumer perspectives to inform the IASR and ISP processes. We seek stakeholder feedback on the changes stakeholders proposed, and any other recommendations on better supporting the ISP Consumer Panel to fulfil its purpose.

5.3.3 Issues with joint planning and information sharing arrangements

In the *Transmission planning and investment review*, we noted that this Review will further explore opportunities to facilitate more collaborative joint planning to improve the quality of the inputs and assumptions that inform the ISP.¹⁸³ The Commission considers that joint planning and information sharing arrangements should help surface information that is material to the development and stability of the ODP. Stakeholders considered incremental changes can be made to improve early collaboration with stakeholders.

The rules only require TNSPs to undertake joint planning with AEMO for ISP development

Joint planning refers to formal requirements in the Rules which require parties to collaborate on issues and solutions that would collectively impact these parties. Rule 5.14 of the NER outlines the joint planning requirements on network service providers. Under these arrangements, TNSPs and AEMO must cooperate and consult with each other to enable preparation of a draft and final ISP and any ISP update.¹⁸⁴

Information that TNSPs must share with AEMO include:¹⁸⁵

- its transmission annual planning report (TAPR) and information related to the TAPR

¹⁷⁹ For further information, see AEMO's website on the [ISP Consumer Panel](#).

¹⁸⁰ Submissions to the consultation paper: AEMO, p. 6 ISP Consumer Panel, p. 7.

¹⁸¹ ECA, submission to the consultation paper, p. 2, 4.

¹⁸² Tasmanian Small Business Council, submission to the consultation paper, p. 8.

¹⁸³ AEMC, *Transmission planning and investment review*, Stage 3 final report, 4 May 2023, pp. 23-26.

¹⁸⁴ NER clause 5.14.4.

¹⁸⁵ NER clause 5.14.4(a).

- information on non-network options
- views on credible options.

These requirements help ensure AEMO is well informed about any factors that may materially affect transmission development and the preparation of the ISP.

The NER does not require any other party to undertake joint planning with AEMO, and do not require AEMO to undertake joint planning with any other party except in cases of a declared shared network. In Victoria, for example, AEMO and the relevant DNSP are required to undertake joint planning.

However, the NER requires TNSPs and DNSPs to undertake joint planning with each other to address network needs.¹⁸⁶ In practice, this means that information about distribution network and demand side factors is passed to AEMO through joint planning with the TNSPs and through stakeholder consultation on the IASR and ISP.

In June 2025, AEMO published its [Consultation with jurisdictions for the Integrated System Plan Guideline](#). This was in response to the Commonwealth recommendations, as part of its Review of the ISP, for AEMO to develop and publish clear, structured and transparent guidelines for its consultation process with jurisdictions around consideration of policy.¹⁸⁷ The Guideline sets out consultation principles for AEMO to consult with jurisdictions on the draft IASR and draft ISP.

Stakeholders suggested several changes that may improve joint planning and information arrangements

Stakeholders acknowledged the extensiveness of AEMO's collaboration with stakeholders under existing arrangements, and made recommendations to incrementally improve those arrangements:

- **Minimum joint-planning inputs** - EnergyAustralia suggested further clarifying the minimum joint-planning inputs that jurisdictional bodies and TNSPs are expected to provide for each ISP cycle, including indicative timing.¹⁸⁸ It considers this would reduce late-stage revisions and improve planning stability. Origin agrees that information sharing arrangements with jurisdictions should be further considered.¹⁸⁹ However, HydroTasmania notes that overly prescriptive joint planning risks embedding assumptions and reducing the ISP's ability to adapt to changing circumstances.¹⁹⁰
- **More iterative collaboration** - ENA considers that there are opportunities for greater collaborative and iterative joint planning for example through earlier engagement or treating the Electricity Network Options Report as a living document that is iterated as joint planning progresses.¹⁹¹
- **Expanding the scope of joint planning** - The ISP consumer panel suggested that there may be opportunities to broaden formal engagement requirements beyond network businesses to improve demand side factor inputs.¹⁹²

¹⁸⁶ NER clause 5.14.1.

¹⁸⁷ Commonwealth of Australia, *Review of the Integrated System Plan*, Final Report, January 2024, p. 42.

¹⁸⁸ EnergyAustralia, submission to the consultation paper, pp. 4-5.

¹⁸⁹ Origin, submission to the consultation paper, p. 3.

¹⁹⁰ HydroTasmania, submission to the consultation paper, p. 6.

¹⁹¹ ENA, submission to the consultation paper, pp. 10-11.

¹⁹² ISP consumer panel, submission to the consultation paper, pp. 4-5.

We are seeking stakeholder views on the value of further prescribing joint planning and information sharing arrangements

The Commission considers that the purpose of formal joint planning and information sharing arrangements is to ensure that AEMO has access to the necessary information to develop a robust ODP and to provide stakeholders with more opportunities to engage with AEMO outside formal engagement processes. We are interested in stakeholder feedback on examples that suggest the joint planning process is not fully achieving its purpose.

We seek feedback on whether further prescription in the NER or guidelines is necessary to support better early collaboration between AEMO and stakeholders, or whether the implementation of the existing framework and guidance would naturally improve over time. In particular, we are interested in stakeholder views on:

- whether the minimum inputs that stakeholders provide to AEMO should be expanded to improve information that is accessible to AEMO
- how collaboration can be more iterative to allow input to be more dynamic to reflect the continuously changing operational environment
- whether the scope of existing arrangements should be expanded to other stakeholders to enable formal collaboration on a broader set of ISP inputs.

5.3.4 Issues with IASR and ISP publishing cycles and the ISP update process

The Commission considers that the market should be confident that the ISP is based on the best available information at the time, where practicable.

Existing arrangements enable AEMO to regularly update the ISP with new information

AEMO must publish the ISP every two years,¹⁹³ with the IASR published a year before each ISP. The ISP and IASR cycle is outlined in AEMO's ISP timetable.¹⁹⁴ Figure 5.2 in section 5.3.1 outlines the ISP and RIT-T publication cycles in more detail.

The cycle enables the ISP to adopt the inputs and assumptions, material issues and scenarios identified in the IASR as required by the NER.¹⁹⁵ AEMO can use updated information for the draft and final ISP but must provide reasons for why updated information is being used.¹⁹⁶

Once the final ISP is published, AEMO has the flexibility to update the ISP before a new ISP is due. Clause 5.22.15 of the NER enables the ISP to be updated out of cycle to reflect new information or circumstances that would materially impact the ODP. For example, where the preferred option in the RIT-T does not satisfy the feedback loop or where the status of an actionable project may change.

AEMO would not publish a new ISP; instead, an ISP update would include the new information requiring the update and its impact on the ODP.¹⁹⁷

¹⁹³ NER clause 5.22.1.

¹⁹⁴ NER clause 5.22.4.

¹⁹⁵ NER clause 5.22.10(a)(3).

¹⁹⁶ NER clause 5.22.10(a)(3).

¹⁹⁷ NER clause 5.22.15 (d).

Stakeholders considered that the existing framework may not enable AEMO and the market to adapt to new information

Submissions raised that the current framework may not provide sufficient flexibility for the ISP to adapt to changing circumstances and therefore provide the market with up-to-date information to inform decision-making:

- **other processes should be more flexible reflecting limitations to how dynamic the ISP can be** - ENA considered the two-year ISP cycle means that ISP updates are unlikely to be a practical way of reflecting updated assumptions as part of the ISP framework.¹⁹⁸ ENA suggested that alternative processes be made more flexible to mitigate the consequences of practical limitations to the ISP update process. As outlined in section 5.2.1, ENA raised that RIT-T proponents should have greater flexibility to adapt to new information without relying on ISP updates.
- **amending the publishing cycle to better align with other planning frameworks** - AEMO suggested the Review could examine whether greater efficiencies could be achieved by potentially changing the frequency of ISP publications or better aligning the timing of various planning processes that affect the ISP.¹⁹⁹
- **AEMO should have more flexibility to provide updated information** - EnergyAustralia suggested that it may be beneficial for AEMO to have more flexibility to publish targeted supplementary updates between ISP cycles where material developments arise, similar to the process for Electricity Statement of Opportunities which is less administratively burdensome than the ISP update process.²⁰⁰
- **consistency in the treatment of different types of information** - JEC considered that whether an updated piece of data is a government policy or something else, it should not shape the decision unless it is material.²⁰¹
- **publications could be living documents** - Hydro Tasmania suggested evolving the IASR into a living Inputs, Assumptions and Scenarios Repository, where individual assumptions can be updated as better information becomes available, subject to clearly defined update protocols and minimum refresh cycles.²⁰²

We are seeking stakeholder views on whether there are opportunities to improve the ISP's flexibility to consider new information

The ISP and IASR are not currently live documents and are instead designed as snapshots at a point in time. This limits their ability to continuously reflect new information. There may also be logistical challenges for AEMO to continuously update their publications, as well as challenges in also satisfying consultation requirements or expectations.

Whilst it is important for AEMO to adopt the best information available to inform its modelling, as HydroTasmania notes, diligent modelling, analysis and planning takes time and so there must be a cut-off for changing assumptions and inputs prior to publishing a report.²⁰³

We acknowledge the balance between ensuring information remains relevant and the practical limitations of a publication process.

¹⁹⁸ ENA, submission to the consultation paper, p. 14.

¹⁹⁹ AEMO, submission to the consultation paper, p. 3.

²⁰⁰ EnergyAustralia, submission to the consultation paper, p. 5.

²⁰¹ JEC, submission to the consultation paper, p. 9.

²⁰² HydroTasmania, submission to the consultation paper, p. 14.

²⁰³ HydroTasmania, submission to the consultation paper, pp. 6-7.

Some of the impacts of the ISP's limitations to reflect new information may be mitigated through sensitivity analysis discussed in section 5.1.3 and improving the flexibility of the RIT-T discussed in section 5.2.1.

As the ISP can already be updated to reflect material changes in the market, we seek stakeholder views on whether providing AEMO with more flexibility to update its inputs and assumptions more frequently would have material consequences for the ODP and therefore significantly change investment decisions on actionable ISP projects.

5.3.5 Issues with the ISP's presentation of project status through regulatory pathways

It is important for stakeholders to understand the different types of projects described in the ISP and its implications for consumers. Stakeholder feedback suggests there are opportunities to improve clarity.

The ISP uses various terms to describe project status in the ISP

AEMO uses specific terms to describe projects at different stages of the planning cycle in the ISP. The ODP includes major infrastructure projects at various stages of project planning and delivery. Table 5.1 lists the definitions of these categories, along with other key terms clarifying the status of a project.

Table 5.1: Definitions of ISP projects in the CBA guidelines consistent with the NER

Term	Definition
Actionable ISP project	A project: - that relates to a transmission asset or non-network option the purpose of which is to address an identified need specified in an ISP and which forms part of an ODP - for which a project assessment draft report is required to be published in the ISP that identifies that project.
Future ISP project	A project: - that relates to a transmission asset or non-network option the purpose of which is to address an identified need specified in an ISP and which forms part of an ODP - that is forecast in the ISP that identifies the project, to be an actionable ISP project in the future.
Committed project	A project that meets the following criteria: - the proponent has obtained all required planning consents, construction approvals and licences, including completion and acceptance of any necessary environmental impact statement - construction has either commenced or a firm commencement date has been set - the proponent has purchased/settled/acquired land (or commenced legal proceedings to acquire land) for the purposes of construction - contracts for supply and construction of the major components of the necessary plant and equipment (such as generators, turbines, boilers, transmission towers, conductors, terminal station equipment) have been

Term	Definition
	finalised and executed, including any provisions for cancellation payments the necessary financing arrangements, including any debt plans, have been finalised and contracts executed.
Anticipated project	A project which: - does not meet all of the criteria for a committed project - is in the process of meeting at least three of the criteria for a committed project.
ISP development opportunity	A development identified in an ISP that does not relate to a transmission asset or non-network option and may include distribution assets, generation, storage projects or demand side developments that are consistent with the efficient development of the power system.

Source: AER, [Cost benefit analysis guidelines](#), pp. 132-136.

Additionally, ISP projects may progress through jurisdictional pathways. The ISP describes these as ‘actionable project(s) progressing under a jurisdictional framework’, which are defined as:²⁰⁴

“A transmission project (or non-network option), other than an actionable ISP project, which optimises benefits for consumers if progressed before the next ISP, is identified as part of the ODP, and which will progress under a jurisdictional policy that AEMO considers under NER 5.22.3 (b) and includes in the ISP.”

Stakeholders suggested greater clarity over how projects are classified and represented in the ISP

Given the operation of separate jurisdictional planning frameworks and the potential for projects to move in and out of the ODP, stakeholders suggested greater clarity over:

- the distinction between projects that progress through the national framework and projects that progress through jurisdictional planning frameworks - ENA suggested that the NER could require the ISP to clearly identify whether projects are expected to be progressed through the NER framework or jurisdictional frameworks.²⁰⁵ Origin suggested clearer transparency requirements to ensure that the ISP identifies where modelling assumptions differ from those applied in jurisdictional planning processes.²⁰⁶
- the thresholds that need to be met for projects to shift between project classifications - in bilateral conversations, jurisdictions suggested that it should be clear why projects shift between project classifications between ISPs.

We are seeking feedback on whether different types of ISP projects can be presented more clearly in the ISP

To support transparency and trust in the ISP, the Commission considers that it is important for stakeholders to be able to clearly distinguish between different types of projects in the ISP and the regulatory implications for each type of ISP project.

204 AEMO, [2026 Integrated System Plan](#), p. 138.

205 ENA, submission to the consultation paper, p. 11.

206 Origin, submission to the consultation paper, p. 2.

The Commission is interested in whether stakeholders consider the existing terminology used to distinguish projects in the ISP is sufficiently clear and what changes could be made to improve clarity, particularly in the context of jurisdictional planning frameworks.

Question 9: Evidence of material issues with the governance arrangements and potential solutions

1. How do existing accessibility and transparency issues materially impact the value of the ISP? How can elements of the ISP be more accessible and engaging for different stakeholder groups to materially improve the value of the ISP to stakeholders?
2. Can the ISP Consumer Panel effectively input into the ISP process? How could the Panel be better supported?
3. Do network businesses and AEMO consider there are material issues with the existing flexibility of joint planning and information sharing arrangements? If so, what further prescription would improve early collaboration between AEMO and relevant stakeholders?
4. Does the inflexibility of the ISP cycle or ISP update framework to capture new information in a timely way, materially impact the ODP and investment decisions? What are examples of this and how can the framework be more flexible?
5. Is there sufficient clarity over how projects are represented in the ISP? How can clarity be improved?

5.4 We have also identified issues that we propose not to prioritise for this Review

This section outlines issues raised by stakeholders that the Commission does not propose to prioritise as part of this Review including:

- reforms to specifically incentivise network businesses to deliver non-network options as this would be explored more broadly as part of the ENRR
- reforms to specifically improve community engagement with the ISP and RIT-T as recent reforms should be given an opportunity to work
- incremental changes to the dispute resolution framework as changes would not materially improve the ISP framework
- incentives that may promote the timely delivery of ISP projects because we remain of the view that it would unlikely be beneficial to consumers.

While the Commission has formed initial views on these matters, we are seeking stakeholder feedback on our proposal not to consider these issues further.

5.4.1 We propose not to consider reform to specifically incentivise network businesses to deliver non-network options as the broader issues will be explored in the ENRR

The NER requires AEMO and TNSPs to consider non-network options in the ISP and RIT-T

The NER places explicit obligations on both AEMO and TNSPs to consider non-network options (NNOs) in the development of the ISP and subsequent RIT-T processes. In particular, the NER requires:²⁰⁷

²⁰⁷ NER clauses 5.22.12 and 5.15A.3(7)(B)(C).

- AEMO to consider a range of credible options, including NNOs, in preparing the ISP
- TNSPs to assess all credible options, including network and NNOs, on a consistent basis in the RIT-T.

These provisions are intended to ensure that NNOs are systematically identified and assessed alongside traditional network investments.

Stakeholders considered that NNOs are insufficiently considered in the ISP and RIT-T

Some stakeholders raised concerns that the existing ISP and RIT-T regulatory frameworks do not facilitate the consideration of NNOs and market-based alternatives on an equal footing with network solutions. They suggested that network businesses may not be incentivised to deliver NNOs.²⁰⁸

We consider that the broader consideration of incentive frameworks in the ENRR is best placed to address stakeholder concerns

The Commission acknowledges the value of NNOs in lowering or delaying costs to consumers. At the time of the transmission planning and investment review, we considered that the ISP and RIT-T regulatory frameworks did not have a material bias towards capex solutions and against NNOs.²⁰⁹

We consider that potential barriers to NNOs may extend beyond the ISP and RIT-T regulatory frameworks that are in the scope of this review.

Broader issues relating to incentives are being considered through the ENRR. This review is examining the aspects of the framework that determine how revenue is set for regulated services, including the incentives faced by network businesses.

The ENRR will explore potential barriers to NNOs that may result from other aspects of the regulatory framework, including economic incentives to undertake capex solutions over opex solutions. The Review will enable an integrated assessment of potential barriers to NNOs, including economic incentives and interactions between different incentive mechanisms. We therefore consider that the ENRR is the appropriate path to consider barriers to NNOs further.

5.4.2 Recent reforms to improve community engagement should be given an opportunity to work

Several stakeholders raised concerns regarding community engagement and social licence for transmission development, and suggested that the ISP framework could play a role in strengthening engagement with affected communities. Stakeholders supported earlier community engagement to better integrate their views in the planning process so that the ISP can better reflect concerns in these communities.²¹⁰ Grattan Institute suggested governments explain the value of the ISP to stakeholders.²¹¹

The Commission agrees that the ISP can support building broader social licence for the transition, and is exploring several issues that affect trust in the ISP in section 5.3.

However, there have been a number of recent reforms to support social licence outcomes, in particular seeking to improve community engagement:

²⁰⁸ Submissions to the consultation paper: AEC, p. 2; Nexa Advisory, p. 8.

²⁰⁹ AEMC, [Transmission Planning and Investment Review stage 2 draft report](#), pp. 64-69.

²¹⁰ Submissions to the consultation paper: AEC, p. 2; Grattan Institute, p. 11; ISP Consumer Panel, p. 5; Tasmanian Small Business Council, p. 13.

²¹¹ Grattan Institute, submission to the consultation paper, p. 9.

- The Commission's *Enhancing community engagement in transmission building* final rule, made on 9 November 2023, introduced new requirements for TNSPs to engage early with affected stakeholders as part of preparatory planning activities.
- The Australian Energy Infrastructure Commissioner's *Community Engagement Review* advised on improving community engagement on renewable energy infrastructure developments.²¹²
- The Energy and Climate Change Ministerial Council's Response to *the Review of the Integrated System Plan* recommended improving accessibility of the ISP by developing additional targeted communications products and activities to support community groups and consumers to engage.²¹³

In addition, in the Commission's *Better integration of gas and community sentiment into the ISP* final determination, we considered that the existing framework already enables AEMO to consider community sentiment in the development of the ISP and for AEMO and TNSPs to share information related to community sentiment via the joint planning process.

We also acknowledge that many opportunities to materially improve social licence outcomes sit outside of reform to the ISP and RIT-T frameworks.

The Commission considers that recent reforms should be given an opportunity to work, and proposes not to prioritise issues related to community engagement as part of this Review.

5.4.3 Changes to the current dispute resolution framework would not materially improve the value of the ISP

Stakeholders can raise formal disputes in respect of ISP and RIT-T processes

Clause 11.126.10 of the NER requires the AEMC to review the dispute resolution frameworks as part of this ISP review.

The ISP dispute resolution framework forms part of the broader governance and transparency arrangements underpinning the ISP.²¹⁴ It provides a formal mechanism for stakeholders to raise disputes regarding ISP-related processes, operating alongside consultation requirements, the ISP consumer panel and the AER's transparency review. To date, stakeholders have not raised formal disputes in respect of the ISP's processes.

The NER also provides for disputes to be raised in relation to the RIT-T processes.²¹⁵ Several disputes have been raised in relation to RIT-T. In many cases, the AER has not required TNSPs to amend the RIT-T in response to a dispute. However, the AER did require Transgrid to amend its RIT-T for HumeLink in response to a dispute lodged by Wunelli Pty Ltd.²¹⁶ The AER considered that TransGrid did not apply the RIT-T in accordance with the NER with respect to its consideration of credible options.

Stakeholder submissions suggested changes to the scope of the dispute resolution frameworks

The Centre for Independent Studies suggested that the scope of the dispute resolution framework should be expanded to allow for disputes on grounds beyond the consultation process.²¹⁷

212 Andrew Dyer, Australian Energy Infrastructure Commissioner, [Community Engagement Review](#) Report, on behalf of the Department of Climate Change, Energy, the Environment and Water, 2 February 2024.

213 Energy and Climate Change Ministerial Council, [Response to the Review of the Integrated System Plan](#): ECMC response, 2024.

214 It is set out in NER Rule 5.23.

215 NER Rule 5.16B.

216 AER, Determination on RIT-T dispute - TransGrid - Humelink, November 2021.

217 Centre for Independent Studies, submission to the consultation paper, p. 23.

As an incremental change, ENA suggested that dispute resolution processes at the RIT-T stage could be streamlined by limiting disputes to issues raised during consultation.²¹⁸ ENA suggested disputes for actionable ISP projects should relate to issues raised during the RIT-T consultation process. This would mirror the provision in clause 5.23.1(b)(4) for ISP disputes, which requires parties who did not make a submission to explain why they should be entitled to raise a dispute.

Other stakeholders did not raise any material concerns with the operation of the current dispute resolution framework. They instead suggested that effective transparency and consultation processes are the primary means of avoiding disputes, suggesting that these methods avoid reliance on formal dispute mechanisms.²¹⁹

We consider that the scope of the dispute resolution frameworks is appropriate and incremental changes would not materially improve the value of the ISP framework

The Commission does not consider it appropriate to amend the existing scope of the ISP and RIT-T dispute resolution frameworks. The existing ISP and RIT-T consultation processes enable stakeholders to raise concerns on all aspects of the ISP and RIT-Ts which AEMO and TNSPs must consider respectively. As explored in section 5.3 we are considering issues with transparency and existing consultation processes.

The Commission acknowledges that incremental improvements may be made to the dispute resolution frameworks but considers that these may not materially improve outcomes for consumers.

5.4.4 Further work on timely delivery incentives is not beneficial

Under the national regulatory framework, TNSPs have an exclusive right to build, own and operate transmission solutions in the NEM, but no obligation to deliver transmission projects.²²⁰ A TNSP also faces no regulatory consequences should it delay or not invest in a major transmission project. This creates risk that major transmission projects that offer net market benefits and are critical for the transition to net zero, may not proceed in a timely way.

In submissions to the consultation paper, the AEC suggested we consider incentives to promote timely delivery of key infrastructure projects which could include some form of financial penalties for late delivery.²²¹

In TPIR we undertook extensive analysis on the benefits of introducing a timely delivery incentive. We decided that this would not be beneficial because:²²²

- reforms progressing from the Review's recommendations to improve the timely and efficient delivery of major projects and jurisdictional policy levers should be given an opportunity to work
- there is no evidence to suggest that the regulatory framework causes material delays or non-delivery of projects
- designing and implementing a new incentive framework is complex and should not proceed without a clear benefit

218 ENA, submission to the consultation paper, p. 2.

219 Submissions to the consultation paper: EnergyAustralia, p. 4; ENA, p. 10.

220 The NEL and NER do not expressly provide that the primary TNSP (PTNSP) has the exclusive right to implement major transmission projects in its region. There are several examples of transmission projects in the NEM that have been undertaken by a person other than the PTNSP, such as BassLink, MurrayLink, DirectLink and the proposed CopperString 2.0 project.

221 AEC, submissions to the consultation paper, p. 2.

222 AEMC, [Transmission Planning and Investment Review stage 3 final report](#), pp. 49-50.

The Commission considers that the reasons for not introducing a timely delivery incentive remain valid, as there have been no major changes since the TPIR that would justify a different view.

Question 10: Other issues for the Review

1. Do stakeholders agree the Review should not further consider the identified issues?
2. Are there any additional issues, that are not outlined in this discussion paper, that materially reduce the ISP's value, and we should consider in the next stage of the Review?

A Scope, assessment criteria and background

When considering the issues within this review, the Commission considers a range of factors. This appendix outlines:

- the scope of the Review
- the assessment framework we will use to assess the broader issues identified and evaluate recommendations
- related reforms underway.

A.1 The scope of the review

The AEMC is required to complete a review of the ISP framework by 1 July 2027 under clause 11.126.10 of the NER. The purpose of the Review is to determine how the current ISP framework best contributes to achieving the NEO.²²³

We published a Terms of Reference for the Review on 9 October 2025, and a consultation paper on 18 December 2025.²²⁴ We received 22 submissions in response to the consultation paper, which have informed our approach to this Review and our initial consideration of relevant issues and elements of the ISP framework that warrant review.

A.1.1 Further detail on the rules

The framework is set out in rules 5.16A, 5.22 and 5.23 of the NER, described in the table below. For further details on the framework, see section 1.2.2 of the [consultation paper](#).

Table A.1: Rules constituting the ISP framework and subject to review

Rules	High-level description
5.16A	Application of the RIT-T to actionable ISP projects
5.22	Content, methodology and governance of the ISP, for example: • Purpose of the ISP • Power system needs • Document requirements • Relevant market benefits and costs • ISP timetable • ISP consumer panel • Transparency review
5.23	Dispute resolution in relation to an ISP

Source: AEMC.

Note: This is a non-exhaustive list of matters covered by the respective rules.

The review requirement was included in the minister-made rules in 2020 to make the ISP framework actionable.²²⁵ The completion date for the review was later adjusted from the end of June 2025 to 1 July 2027 as the result of a rule change process.²²⁶ At the time, we considered that

²²³ AEMC, *Terms of Reference - ISP Review*, p. 3.

²²⁴ See the AEMC [website](#).

²²⁵ COAG Energy Council, [Energy Security Board: Converting the Integrated System Plan into Action](#) and [associated rule](#), March 2020.

a two-year delay would allow the AEMC to embed a suite of rule changes resulting from TPIR and then assess in detail how the reforms have performed when considering further reform.²²⁷

A.1.2 The Commission must act in the long-term interests of consumers

In conducting reviews, the Commission must have regard to the relevant energy objectives.²²⁸ For this review, the relevant energy objective is the NEO.

The NEO is:²²⁹

to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to—

- (a) price, quality, safety, reliability and security of supply of electricity; and
- (b) the reliability, safety and security of the national electricity system; and
- (c) the achievement of targets set by a participating jurisdiction—
 - (i) for reducing Australia's greenhouse gas emissions; or
 - (ii) that are likely to contribute to reducing Australia's greenhouse gas emissions.

The [targets statement](#), available on the AEMC website, lists the emissions reduction targets to be considered, as a minimum, in having regard to the NEO.²³⁰

A.2 Stakeholders provided feedback on the criteria we proposed to use to assess potential reform against the long-term interests of consumers

As outlined in chapter 1, we will continue to use the assessment criteria discussed in our consultation paper to consider the full range of issues and potential recommendations for the Review.

Two stakeholders provided specific comments on Commission's proposed assessment framework:

- Energy Networks Australia suggested that greater emphasis be placed on efficiency, including the timely delivery of infrastructure, and on implementation timeframes when assessing policy options.²³¹ While we do not view that these changes would be directly relevant to the purpose of this paper (determining the most appropriate future purpose of the ISP), we will consider both of these matters where relevant when developing specific recommendations for the draft report.
- The Centre for Independent Studies argued that electricity prices should be included as a standalone assessment criterion, rather than being considered within the broader safety, security and reliability criterion.²³² The Commission will consider affordability and consumer costs through the assessment of efficient investment, operation and use of the power system.

226 AEMC, [Bringing early works forward to improve transmission planning](#), final determination, 5 September 2024.

227 Ibid, pp. 18-19.

228 Section 32 of the NEL.

229 Section 7 of the NEL.

230 Section 32A(5) of the NEL.

231 ENA, submission to the consultation paper, p. 4.

232 Centre for Independent Studies, submission to the consultation paper, p. 27.

Introducing a separate price criterion would therefore risk duplicating considerations that are already captured elsewhere in the framework.

A.3 Our review will consider linkages with other related processes

As noted in chapter 1, this Review is progressing alongside several other related processes that may have some overlap. Further detail on each of these pieces of work is provided below.

A.3.1 AEMO Governance review

AEMO's governance structure is under formal review. The Terms of Reference set out the scope of the review which, at a high level, includes examining whether amendments to AEMO's governance arrangements are needed to:²³³

- Enhance transparency and accountability
- Streamline processes and minimise potential duplication
- Better reflect the current environment and practices.

Any recommendations from this review, if accepted, could have implications for the ISP framework, including how it is delivered.

A.3.2 Electricity Services Entry Mechanism

The ESEM is under development and scheduled for implementation in early 2027 to succeed the Capacity Investment Scheme. The ESEM was recommended through the National Electricity Market wholesale market settings review as a mechanism to support investment in new electricity generation and storage following the conclusion of the Capacity Investment Scheme.²³⁴

We will continue to engage with jurisdictions on the relationship between the ISP and the ESEM as work on the ESEM continues.

A.3.3 Demand-Side Statement of Opportunities

The Australian Government has committed to establishing a DSOO as part of the Electricity and Energy sector plan.²³⁵ The DSOO is intended to provide visibility of demand-side opportunities across the energy system and support greater participation by consumers in the energy transition. It is being developed in collaboration with AEMO and jurisdictions through the ECMC.²³⁶

The DSOO would help identify opportunities for demand-side resources to contribute to meeting future energy needs and avoid unnecessary network and generation investment where flexible demand can deliver equivalent outcomes. It is intended to complement AEMO's existing Electricity Statement of Opportunities (ESOO), Gas Statement of Opportunities (GSOO) and integrated system planning processes.²³⁷

The relationship between the DSOO and the ISP is still being developed. Depending on its final design, the DSOO could provide an additional source of information on demand-side participation, electrification trends and flexible demand opportunities that may inform future ISP development.

²³³ See the Review of AEMO Governance – Terms of Reference, 4 February 2026, available at energy.gov.au.

²³⁴ Energy and Climate Ministerial Council, [National Electricity Market wholesale market settings review](#), 2026.

²³⁵ Australian Government, [Electricity and Energy Sector Plan](#), 2025, p. 4.

²³⁶ Ibid, p. 38.

²³⁷ Ibid, p. 38.

A.3.4 AEMC rule change on Clarifying the treatment of jurisdictional policies in the ISP (ERC0406)

This Review is progressing alongside a rule change request that was recently completed on Clarifying the treatment of jurisdictional policies and systems costs in the ISP.²³⁸ The rule change request proposes changes to the way jurisdictions' emissions reduction targets and policies are incorporated into the ISP, the categories of costs that are considered in the analysis, and the information that is published regarding costs.

The AEMC has published a final determination to not make a rule.²³⁹ We consider the current rules already have sufficient flexibility to enable consideration of the risks raised by the proponent. We consider that the additional analysis and information proposed by the proponent:

- is inconsistent with the governance arrangements of the national electricity framework
- can already be considered under the current rules, or
- would increase costs and provide limited benefits.

However, as noted above, stakeholders have continued to raise concerns about how jurisdictional policies are reflected in the ISP. Consistent with our recommendation, AEMO and jurisdictions should continue to work together to address these issues through the implementation and operation of the existing framework.

A.3.5 AEMC rule change on Enhancing distribution network planning & reporting (ERC0410)

This Review is also progressing alongside a rule change request that was recently completed on Enhancing distribution network planning & reporting (formerly the Integrated distribution system planning rule change).²⁴⁰ Among other things, the rule change proponent considered that the distribution annual planning process and ISP were not sufficiently coordinated.²⁴¹

In July 2026, the AEMC published its final determination to replace the existing annual distribution planning process with a new Distribution Network Development Plan (DNDP) framework. Our final rule will require DNSPs to publish a DNDP at the same time as they submit a regulatory proposal. DNSPs will also be required to publish an annual update in the years between publishing a DNDP to maintain near to medium term transparency.

The final rule also establishes the purpose of the DNDP as to:

provide long-term visibility of expected *distribution services* and the *distribution system* across a range of future scenarios, to support current and prospective users to make efficient decisions and identify investment opportunities.

The final rule will also strengthen alignment between distribution planning and the ISP by requiring DNSPs to:

- prepare longer term plans, including adopting a 20 year planning horizon
- where practicable, adopt inputs, assumptions and scenarios consistent with AEMO's IASR, while explaining any departures
- consider other scenarios that they consider are reasonable and appropriate
- identify how their network needs are expected to evolve under their planning scenarios

238 Centre for Independent Studies, Rule Change Request: [Making the ISP robust to policy change and clear on costs](#), 31 October 2024.

239 AEMC, [Clarifying the treatment of jurisdictional policies and system costs in the ISP](#) Draft rule determination, 16 April 2026.

240 ECA, Rule Change Request: [Integrated Distribution System Planning \(Electricity\)](#), 21 January 2025.

241 ECA, Rule Change Request: [Integrated Distribution System Planning \(Electricity\)](#), 21 January 2025.

- prepare their DNDP in accordance with new AER guidelines that would include requirements for DNSP forecasting practices and processes, and may specify additional information to improve consistency across planning frameworks
- provide information on network limitations, future development needs, non-network options and other matters relevant to long-term system planning.

Together, these reforms will improve the transparency and consistency of the distribution planning framework in the rules. It will also clarify how DNSPs' plans relate to other plans, including the ISP. They may also provide AEMO with more consistent information on distribution network developments and demand-side opportunities when preparing the ISP.

The Commission will have regard to the outcomes of the Enhancing distribution network planning and reporting rule change when recommending any changes to the ISP framework as part of this Review.

A.3.6 AEMC Electricity Network Regulation Review (EPR0106 and EPR0201)

This Review is also progressing alongside the ENRR. The ENRR is considering whether the economic regulatory framework for electricity networks remains fit for purpose as the NEM transitions to a net zero emissions system. The review is being undertaken in two work packages: Package 1 is considering the boundary between regulated and contestable services, while Package 2 will consider whether the framework supports efficient service delivery, appropriate risk allocation and efficient regulatory processes.²⁴²

The ENRR is considering, among other things, whether reforms are required to:

- service classification arrangements and the boundary between regulated and contestable services
- the incentive arrangements that apply to Network Service Providers
- the allocation of risks between network businesses and consumers
- the efficiency of regulatory processes and incentives for network investment.

While the ENRR is focused on network regulation rather than system planning, there may be interactions with the ISP framework. In particular, the ENRR review may have implications for:

- how transmission and distribution investments identified through planning processes are delivered
- the roles of regulated and contestable services in delivering the energy transition
- distribution system operator arrangements, including coordination between the transmission and distribution systems.

Any findings relevant to the interaction between network regulation and system planning may inform this Review.

A.3.7 JEC rule change request on co-optimising all energy resources in the ISP

JEC submitted a rule change request to the AEMC in February 2026 that seeks to require AEMO to co-optimize augmentation of all elements of the energy system.²⁴³ This includes generation, storage, transmission, distribution and demand side developments. AEMO would also be required to identify an optimal development path across all these elements. The AEMC is yet to commence this rule change process.

²⁴² AEMC, [ENRR Package 1 consultation paper](#), [ENRR Package 2 consultation paper](#), 2026.

²⁴³ JEC, Rule change proposal: [Co-optimisation of all energy resources in the Integrated System Plan](#), 18 February 2026.

B Terminology

This Appendix sets out terms we use throughout this discussion paper, both how we intend the term to be understood, and for clarity, what the status or scope of that term is today, where relevant.

The terms are set out in three tables:

- Functions and design aspects of the ISP
- Types of resources
- Additional relevant terms used in today’s ISP and rules

Table B.1: Functions and design aspects of the ISP

Term	Description	Status today
Planning workstream	This workstream includes the methodologies used to develop the plan and identify the ODP, including steps such as the IASR, identifying multiple potential development paths, and testing them.	
The plan	The ISP’s analytical output, which identifies a set of development paths that address power system needs. It does so by co-optimising across a selected set of resources.	See “co-optimisation and optimisation” for information on what resources the plan co-optimises between today.
The ODP	The Optimal Development Path (ODP) is the plan’s key output that identifies the least-cost development pathway, tested against a range of factors.	The ODP sets out actionable ISP projects, future ISP projects, and ISP development opportunities.
Co-optimisation and optimisation (used interchangeably throughout the discussion paper)	We use this terminology to capture what assets the ISP modelling ‘co-optimises’ or treats as decision-variables – in other words, tests different configurations of size and location of assets to develop various development paths and determine the optimal development path. This is distinct from assets the ISP model takes as inputs.	The ODP currently co-optimises between various transmission connected investments and assets. It also includes some large investments in distribution networks in the co-optimisation considerations.¹ The model/ODP takes ‘small-scale’ resources (see below for further definition) as input assumptions.

Term	Description	Status today
Delivery workstream	This workstream captures all aspects of the full actionability framework , which includes the actionability trigger, the EAP including the RIT-T and AER's CBA and CPA Guidelines, along with the feedback loop. Not all of these matters are necessarily within the scope of this Review.	
The actionability trigger	The mechanism through which the ISP triggers the commencement of project-specific assessment for projects on the optimal development path.	Covers transmission assets or non-network options only. Once triggered, projects may progress through the RIT-T or jurisdictional frameworks where they exist.
Governance workstream	The functions of developing and publishing the ISP including stakeholder engagement, joint planning and transparency.	

Source: ¹AEMO, 2026 Integrated System Plan, June 2026, p. 52.

Table B.2: Types of resources

Term	Description	Status today
Grid-scale resources	This term captures: Transmission system assets along with generation and storage that are connected to the transmission network. The NER defines the transmission network as networks operating at nominal voltages of 220kV and above, plus any parts of networks operating at nominal voltages between 66 kV and 220 kV that either operate in parallel to/provide support to a transmission network or that the AER has deemed as part of the transmission network. Similar to the term 'utility-scale or utility' from the ISP glossary.	Treated as decision variables in the co-optimisation process, alongside some larger scale distribution projects.
Small-scale resources	These are resources closer to the customer. Some can be aggregated to provide system value. This captures a broad range of resources, including the below	Other than a few larger scale distribution projects the 2026 ISP has captured as ISP Development Opportunities, these resources are treated as input assumptions.

Term	Description	Status today
Gas	(each is further defined in the next row of this table): • Consumer energy resources • Distributed resources • Distribution assets • Demand-side flexibility We use ‘small-scale resources’ in the discussion paper to broadly capture the potential for the ISP’s scope to expand, but note that the question of which small-scale resources are relevant is important.	The Demand Side Factors (DSF) Information Guidelines (made December 2025) bring aggregate distribution capability into the 2028 ISP as a decision variable. AEMO also anticipates that the breadth of factors will evolve over time.¹
	Consumer energy resources: AEMO’s methodology document uses CER to refer to “embedded solar and battery systems owned by consumers, where PV systems are below 100kW and battery systems are below 5 MW, as well as EVs.”²	
	Distributed resources: This refers to generation and storage connected to the distribution network, for example, community batteries. The 2026 ISP also uses the term “mid-scale” to capture these resources, and assumes they have a capacity between 5 MW and 30 MW.³	
	Distribution assets: These include lines, substations and sub-transmission lines of a distribution system. A distribution network is defined in the NER as “A network which is not a transmission network.” Demand-side factors: These include demand flexibility, electrification and energy efficiency.	
	Per the NGL, gas captures covered gas, covered gas industry and covered gas industry facility.	Gas as a fuel is treated as an input to electricity planning, through assumptions about gas prices and availability. Gas market and infrastructure considerations inform electricity planning outcomes. Gas infrastructure (pipelines, storage) is not treated as a decision variable to be co-optimised alongside electricity today. The recent rule change on <i>Better integrating gas and community sentiment into the ISP</i> expanded AEMO’s gas analysis to improve the reliability of the ODP for electricity.

Source: ¹AEMO, Demand Side Factors Information Guidelines, December 2025; ²AEMO, Methodology, p 53; ³2026 ISP Glossary.

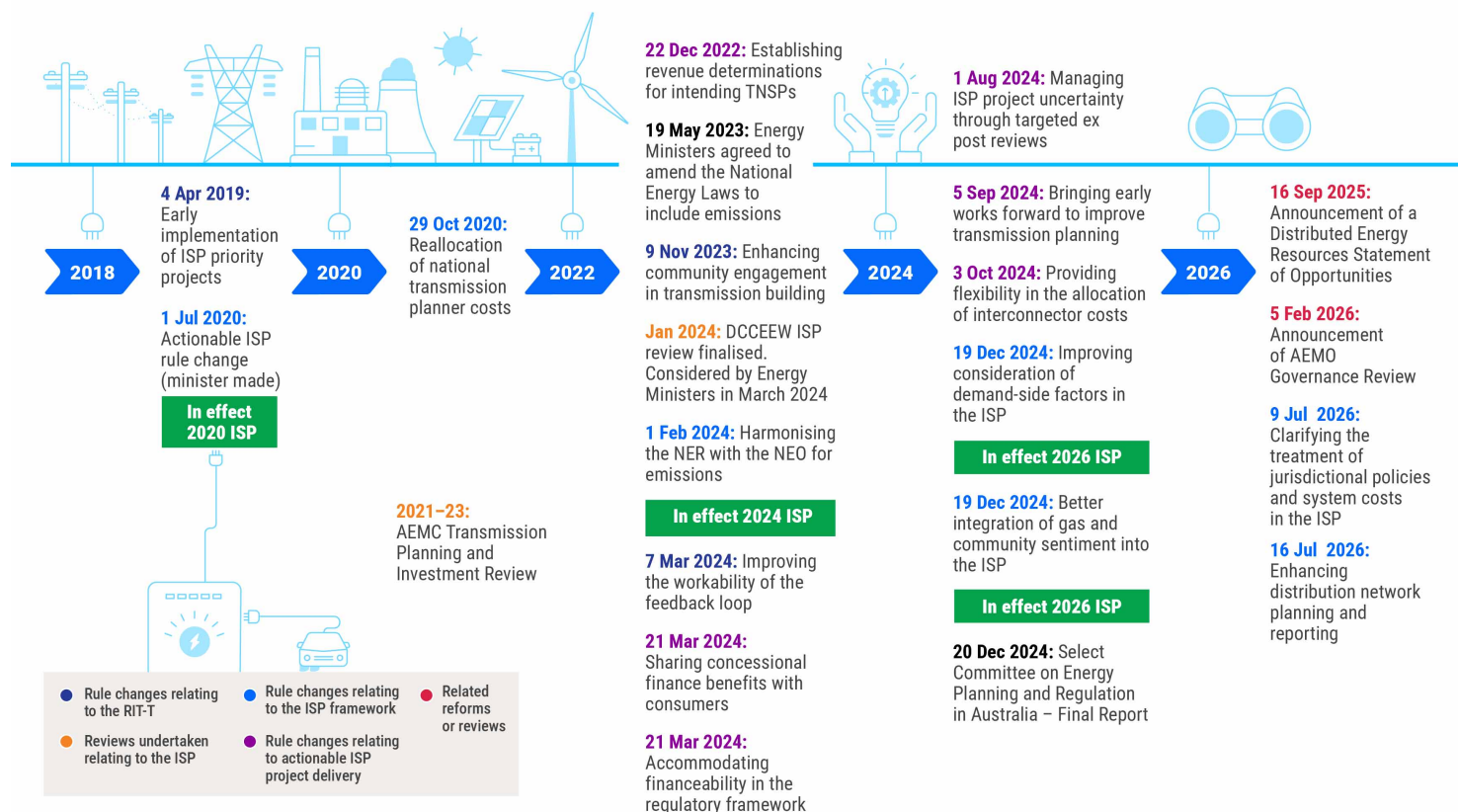
Table B.3: Additional relevant terms used in today's ISP and rules

Term	Explanation	Current definition
Actionable ISP projects	This term currently covers transmission projects or non-network options identified in the ODP.	Defined in the NER Chapter 10 as: A project: (a) That relates to a transmission asset or non-network option the purpose of which is to address an identified need specified in an Integrated System Plan and which forms part of an optimal development path; and (b) For which a project assessment draft report is required to be published in the Integrated System Plan that identifies that project.
Future ISP projects	A project that is forecast to be actionable in the future.	Defined in the NER Chapter 10 as: A project: (a) that relates to a transmission asset or non-network option the purpose of which is to address an identified need specified in an Integrated System Plan and which forms part of an optimal development path; and (b) that is forecast in the Integrated System Plan that identifies the project, to be an actionable ISP project in the future.
ISP development opportunities	Projects included in the co-optimisation process of the ODP, but are not actionable/future projects. These appear to typically be larger distribution projects in today's ISP.	Defined in NER Chapter 10 as: A development identified in an Integrated System Plan that does not relate to a transmission asset or non-network option and may include distribution assets, generation, storage projects or demand side developments that are consistent with the efficient development of the power system.

Source: AER, Cost benefit analysis guidelines, pp. 132-136.

C Evolution of the ISP

The **Integrated System Plan** (ISP) has evolved since its inception through reviews and rule changes



D Questions for stakeholder feedback

Question 1: The ongoing role of the ISP

- Are there additional benefits provided by the ISP that are not explored in this chapter?

Question 2: Key changes to the environment in which the ISP operates

1. Have changes in the sector, such as the increasing role of distributed energy resources and consumer energy resources, affected the value of the ISP in its current form?
2. Where do national and jurisdictional planning and delivery frameworks complement one another, and where do they create coordination challenges for planning and investment decisions?
3. What features of the future energy system should the Commission consider when assessing whether and how the ISP framework should be changed to remain effective and resilient across a range of potential futures?

Question 3: The choice of future comes down to the plan and actionability

1. Do you agree that the plan and the actionability mechanism are the right way to frame the choice of possible purposes for the ISP in the future energy system?
2. Are there other parts of the ISP framework that should be considered alongside the plan and the actionability mechanism in shaping its future purpose?
3. Does the ISP provide sufficient guidance and information to support decisions by parties beyond regulated asset owners? If not: what are the key gaps; and what improvements would enhance its value for these users, particularly unregulated investors?

Question 4: Strawpeople are used to illustrate possible futures

1. Do the purpose statements for SP1-SP4 appropriately describe potential roles for the ISP in the future energy system? If not, how should the purpose be articulated differently?
2. Which of the strawpeople (SP1, SP2, SP3 or SP4) best supports the future energy system and why?
3. Are there elements of more than one strawperson, or an alternative combination of choices on the plan and actionability mechanism, that you would support? Please explain.
4. What broader design features of the ISP framework (across the planning, delivery and governance workstreams) would need to change to give effect to your preferred strawperson? In responding, stakeholders may wish to consider the scale of change required, implementation considerations, and sequencing.

Question 5: Framework for choosing the future purpose of the ISP

1. Do you agree with the Commission's approach to forming an initial preference between the strawpeople?
2. Do you agree with the four factors and the two judgements on their relative weight that underpin our initial preference for SP3? Where you disagree, what evidence supports a different direction?
3. To test the Commission's hypothesis that a broader plan would materially improve the ODP, we are seeking evidence on:
 - a. where the current treatment of small distribution, CER and demand-side resources as inputs risks distorting the ODP
 - b. which resources would be most material to co-optimize, and which would risk adding complexity without commensurate benefit
 - c. what modelling capability, data and governance arrangements would be needed to support broader co-optimisation
 - d. the risks a broader plan may create for ODP stability, transparency and accountability, and how these risks could be managed.
4. To test the Commission's hypothesis that a more effective national delivery pathway would materially improve delivery outcomes, we are seeking evidence on:
 - a. where the current interaction between the ISP and the RIT-T creates duplication, delay or unnecessary process complexity
 - b. what specific reforms could be considered to materially improve the timeliness and efficiency of the RIT-T while preserving appropriate scrutiny
 - c. the extent to which a faster and more predictable national pathway would retain more projects within the national framework, rather than moving to jurisdictional pathways
 - d. any implementation risks or trade-offs associated with reforming the RIT-T and related processes.
5. Are there features of jurisdictional planning and delivery frameworks that the Commission should consider incorporating into the national framework to strengthen its role alongside jurisdictional pathways?

Question 6: We will consider potential benefits of extending the ISP to gas

1. What benefits would extending the ISP's purpose to co-optimize across both electricity and gas infrastructure investment bring? What risks would it introduce?
2. If the ISP's purpose were to extend to gas, what evidence or considerations would be relevant in determining the scope of any associated actionability mechanism?

Question 7: Evidence of material issues with the planning framework and potential solutions

1. Does the ISP's existing modelling approach reduce the credibility of the ODP? If so, how?
2. How would more comprehensive modelling change the outcomes of the ODP?
3. What further prescription in the NER or guidelines would help the ISP better support investment and policy decisions?

Question 8: Evidence of material issues with the delivery framework and potential solutions

1. What are examples of how the existing requirement for RIT-Ts to maintain alignment with the ISP would lead to poorer outcomes for consumers? Should flexibility be improved to better enable proponents to efficiently respond to project-specific circumstances and emerging information?
2. Does the reassessment of actionable ISP projects have material consequences for investment certainty? If so, what is an appropriate alternative approach that ensures consumers are protected from inefficient expenditure?
3. Do TNSPs consider there is any duplication between the ISP and RIT-T which materially impacts the timely delivery of projects? If so, how should this duplication be removed?
4. Is there a lack of clarity between treatment of projects that move between, or interact across, the RIT-T and jurisdictional planning pathways that impacts the value of the ISP, and how can clarity be improved?

Question 9: Evidence of material issues with the governance arrangements and potential solutions

1. How do existing accessibility and transparency issues materially impact the value of the ISP? How can elements of the ISP be more accessible and engaging for different stakeholder groups to materially improve the value of the ISP to stakeholders?
2. Can the ISP Consumer Panel effectively input into the ISP process? How could the Panel be better supported?
3. Do network businesses and AEMO consider there are material issues with the existing flexibility of joint planning and information sharing arrangements? If so, what further prescription would improve early collaboration between AEMO and relevant stakeholders?
4. Does the inflexibility of the ISP cycle or ISP update framework to capture new information in a timely way, materially impact the ODP and investment decisions? What are examples of this and how can the framework be more flexible?
5. Is there sufficient clarity over how projects are represented in the ISP? How can clarity be improved?

Question 10: Other issues for the Review

1. Do stakeholders agree the Review should not further consider the identified issues?
2. Are there any additional issues, that are not outlined in this discussion paper, that materially reduce the ISP's value, and we should consider in the next stage of the Review?

Abbreviations and defined terms

AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
Commission	See AEMC
CBA	Cost benefit analysis
CER	Consumer energy resources
CSNP	Centralised Strategic Network Plan
CPA	Contingent project application
DNDP	Distribution network development plan
DNSP	Distribution network service provider
DSOO	Demand-side Statement of Opportunities
EAP	Economic assessment process
ECMC	Energy and Climate Ministerial Council
ENRR	Electricity Network Regulation Review
ESEM	Electricity Services Entry Mechanism
ESOO	Electricity Statement of Opportunities
GSOO	Gas Statement of Opportunities
IASR	Inputs, Assumptions and Scenarios Report
ISP	Integrated System Plan
MCC	Material change in circumstances
NEL	National Electricity Law
NEM	National Electricity Market
NEO	National Electricity Objective
NER	National Electricity Rules
NGL	National Gas Law
NGO	National Gas Objective
NGR	National Gas Rules
NNO	Non-network options
NTNDP	National Transmission Network Development Plan
ODP	Optimal development path
RIT-T	Regulatory Investment Test for Transmission
REZ	Renewable energy zone
TAPR	Transmission annual planning report
TPIR	Transmission Planning and Investment Review
TNSP	Transmission network service provider