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2 September 2026

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

Dear Ms Collyer

Re: Review of the Integrated System Plan framework – discussion paper

The Australian Energy Regulator (AER) welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) discussion paper on the Review of the Integrated System Plan (ISP) framework.¹

The AER supports the AEMC's review of the ISP's future role in a rapidly evolving energy system. The ISP remains an important tool for planning transmission development in the National Electricity Market (NEM). We support reforms that improve the timely and efficient delivery of actionable ISP projects, provided they preserve rigorous assessment, stakeholder engagement and appropriate consumer protections.

The AER supports the direction of the review and looks forward to further opportunities to collaborate with the AEMC as it progresses.

Proponents may use granular or network-specific data where justified

The discussion paper notes that some stakeholders consider the current framework may not provide RIT-T proponents with sufficient flexibility to depart from ISP inputs, assumptions, scenarios and sensitivities.²

We understand that some RIT-T proponents may have interpreted the AER's Cost Benefit Analysis (CBA) guidelines as permitting only inputs that AEMO would use in the ISP, thereby limiting the use of more granular or network-specific data in market modelling and cost-

¹ AEMC, Review of the Integrated System Plan framework, December 2025.

² AEMC, Discussion paper – Review of the Integrated System Plan framework, page 51.

benefit analysis. Although the guidelines limit departures from ISP parameters where they exist, they are not intended to prevent proponents from considering more specific local data.

The CBA guidelines allow proponents to depart from ISP parameters where they provide demonstrable reasons.³ If the review identifies areas where further guidance would be useful, the AER will consider these when the guidelines are next reviewed.

Retain safeguards if assessment processes are streamlined

The AER agrees that timely and efficient delivery of the optimal development path set out in the ISP is important. The economic assessment framework should support this objective while ensuring actionable ISP projects remain subject to transparent, high-quality assessment.

The AER is open to discussion of potential improvements to the RIT-T framework, including the faster assessment processes contemplated in Straw Persons 2 and 3. The ISP identifies actionable projects that are on the optimal development path for the efficient development of the power system, while the RIT-T assesses the credible options for meeting the identified need. These processes are related but perform distinct functions.

The PADR and PACR components of the RIT-T process ensure stakeholders are properly informed and engaged, and that analysis is undertaken to an appropriate standard. This process confirms that credible options meet the identified need and that consumers pay no more than necessary. The AER encourages the AEMC and stakeholders to consider the implications for project design and implementation of any reduction in the economic assessment process.

The AER has published guidance, including the CBA guidelines which include worked examples, to provide proponents with a clear pathway through the RIT-T. This guidance supports a structured and efficient approach to completing the economic assessment to a verifiable standard in a timely manner.

The economic assessment process is already integrated to some extent between the ISP and the RIT-T. For actionable ISP projects, the RIT-T requirement to produce a project specification consultation (PSCR) report does not apply. Instead, the ISP analysis and AEMO's call for non-network solutions performs this function, with proponents then required to prepare the PADR and PACR. This provides a faster process than non-actionable RIT-T projects.

Consider a specified deadline for publishing the PACR

If the AEMC wishes to explore further ways to accelerate the economic assessment process, it could consider introducing a deadline for publication of the PACR. Currently, the PACR must be published 'as soon as practicable' after the PADR consultation period ends. Requiring publication within a specified timeframe, as already applies to the PADR, would provide greater certainty for completing the RIT-T.

Preserving consumer protections

In considering whether to streamline the RIT-T or other economic assessment processes, it is important that consumer protections are not weakened. Stakeholder engagement through the RIT-T gives consumers an opportunity to be informed, engaged and heard. The detailed assessment of credible options also identifies the option that delivers the greatest net benefit

³ AER, Cost Benefit Analysis guidelines, page 56.

to consumers. These functions are not duplicative of the ISP. The AER therefore encourages the AEMC to ensure the consumer protection framework remains proportionate to the scale of the task and is not weakened through the review.

On balance, the AER supports proportionate improvements that enable timely delivery of actionable ISP projects while preserving rigorous assessment, stakeholder engagement and appropriate consumer protections. We look forward to continuing to work with the AEMC as the review progresses.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'K. Kaur', written in a cursive style.

Kami Kaur
Acting Executive General Manager
Network Regulation

Sent by email on: 02.09.2026