2 September 2026

Ms Anna Collyer
Chair
Australian Energy Market Commission
Project reference codes EPR0092
Lodged online: www.aemc.gov.au

Dear Ms Collyer,

Review of the Integrated System Plan framework - Discussion paper

Energy Queensland Limited (Energy Queensland) welcomes the opportunity to provide a submission to the Australian Energy Market Commission's (AEMC) discussion paper on the Review of the Integrated System Plan (ISP) framework (Discussion Paper). This submission is provided by Energy Queensland on behalf of its related entities:

- distribution network service providers (DNSPs), Energex Limited (Energex) and Ergon Energy Corporation Limited (Ergon Energy Network); and

- retailer, Ergon Energy Queensland Pty Ltd (Ergon Retail).

As the energy system becomes increasingly decentralised, we consider the ISP has an important role in ensuring that distribution network capabilities, consumer energy resources (CER), flexible demand and electrification trends are appropriately considered in long-term planning.

Whilst we support broader co-optimisation under the ISP, any expansion should be evidence-based and supported by sufficient data, modelling capability and governance arrangements. The benefits of increased complexity must be clearly demonstrated through improved consumer outcomes and more efficient investment decisions.

In considering the future scope of the ISP, we also consider it important that the framework appropriately recognises the impacts of transmission development and changing power flows on existing generation, particularly generation located in regional areas. The development of Renewable Energy Zones (REZ)/Regional Energy Hubs (REH), new transmission infrastructure and increasingly concentrated renewable generation can materially alter network flows, congestion and marginal loss factors (MLFs). While these developments may facilitate new investment and increase overall system capability, they may also affect the dispatch value and investment economics of existing generation located outside newly developed zones or transmission corridors.

These impacts are becoming increasingly evident in Northern Queensland, where changing network flows and MLF outcomes can materially reduce the settlement value of generation without a corresponding reduction in the physical energy produced. While Northern Queensland provides a useful contemporary example, the issue is not region-specific and may become increasingly relevant across the National Electricity Market (NEM) as transmission development and generation patterns evolve.

We therefore consider that the ISP should provide greater visibility of the potential impacts of alternative development pathways on the locational value of both existing and prospective generation. This should include consideration of how transmission investment, REZ/REH development, network congestion and evolving MLF outcomes interact over the planning horizon.

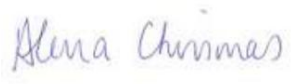
Providing greater transparency of these impacts would support more informed investment decisions and improve understanding of the distribution costs and benefits arising from ISP development pathways. Importantly, it would also help identify circumstances where the development of new generation and transmission infrastructure may inadvertently diminish the value of otherwise efficient existing generation, with consequential impacts for consumers, regional communities and the broader NEM.

We also see opportunities to strengthen the interface between the ISP and emerging distribution planning frameworks, including the recently established Distribution Network Development Plan framework. Improved information sharing, greater alignment of assumptions and scenarios, and stronger coordination between the Australian Energy Market Operator (AEMO), transmission network service providers (TNSPs) and DNSPs will enhance the quality and credibility of the ISP.

Collectively, these reforms will improve the effectiveness of the ISP as a whole-of-system planning framework while preserving its role as a trusted reference point for both regulated and unregulated investment decisions.

Our responses to the Discussion Paper questions are attached. Should you require further information or wish to discuss any aspect of these, please feel free to contact me or Lindsay Chin on 0459 642 052. Neither this letter nor the attachment contains confidential information and may be published.

Yours sincerely



Alena Chrismas
Manager Regulatory Affairs

Telephone: 0429 394 855
Email: alena.chrismas@energyq.com.au

Enclosed: - Energy Queensland's responses to the Discussion Paper questions.

Energy Queensland provides the following responses to the Discussion Paper questions.

Q	Part	Feedback sought	Energy Queensland's comments
1		**The ongoing role of the ISP** Are there additional benefits provided by the ISP that are not explored in this chapter?	We offer no response to this question.
2	1	**Key changes to the environment in which the ISP operates** 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?	Yes. The increased penetration of CER, flexible demand, batteries and electrification means the value of the ISP increasingly depends on its ability to accurately reflect distribution network capabilities and consumer behaviour. While the ISP has strengthened its treatment of DER and demand-side resources, they continue to be represented primarily as exogenous inputs rather than being endogenously optimised alongside network and generation investments. This risks overstating transmission and utility-scale investment needs where distribution-level solutions may deliver lower-cost outcomes.
	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?	The complementary aspects are: • the ISP provides a national least-cost perspective • jurisdictional frameworks provide delivery certainty and implementation mechanisms, and

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			• combined they support both strategic coordination and practical execution. The coordination challenges are: • different assumptions across planning frameworks • different timing of planning and investment decisions • duplicate assessments and consultation processes, and • potential inconsistencies between ISP outcomes and jurisdictional priorities.
	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?	In addition to the factors considered in the current ISP framework, future planning should place greater emphasis on: • network visibility and operational intelligence requirements • increasing uncertainty in technology uptake and customer behaviour • evolving cyber and physical security obligations, and • delivery-related risks, including environmental and planning approvals, stakeholder and community engagement, supply chain constraints, workforce availability, and broader project delivery risks that may affect the timing, cost and feasibility of network developments.
3	1	**The choice of future comes down to the plan and actionability** 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?	Whilst the plan and the actionability mechanism are important components of the framework, we consider they are not sufficient on their own. Governance, transparency, stakeholder engagement and planning coordination are equally important, as they directly influence stakeholder confidence in the ISP and its ability to support informed and broadly supported planning outcomes.

Energy Queensland Limited ABN 96 612 535 583
Head Office Level 6, 420 Flinders Street, Townsville QLD 4810 PO Box 1090, Townsville QLD 4810 www.energyq.com.au

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	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?	Refer to our comments above.
	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?	We consider there is an opportunity for the ISP to provide greater guidance to investors regarding the potential locational consequences of alternative development pathways. ISP development pathways can materially alter transmission flows, congestion and MLF outcomes, with consequential impacts on the dispatch and settlement value of both existing and prospective generation. These effects may be particularly significant for regional generation located outside newly developed REZs/REHs or transmission corridors. While the ISP provides substantial information regarding the location and timing of prospective generation and transmission investment, there is comparatively limited visibility of how these developments may affect the ongoing economic value of existing generation. Northern Queensland provides a contemporary example, where changing network flows and MLF outcomes are contributing to deterioration in the settlement value of generation without a corresponding reduction in physical energy production. As the generation mix and transmission network continue to evolve, similar effects may emerge at other locations across the NEM. Greater transparency regarding the potential impacts of ISP development pathways on congestion, network flows and locational value would provide an important additional investment signal for unregulated participants. This should extend beyond prospective investment to include existing assets considering refurbishment, extension, augmentation or other reinvestment decisions.

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			Improved visibility would enable investors to better assess locational risk and would strengthen the ISP's role as a credible reference point for regulated and unregulated investment decisions.
4	1	**Strawpeople are used to illustrate possible futures** 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?	Whilst we consider SP1-SP4 provide a useful range of options, SP3 should clarify that expansion of co-optimisation occurs only where: • material consumer benefits are demonstrated • data quality is sufficient, and • outcomes can be credibly modelled.
	2	Which of the strawpeople (SP1, SP2, SP3 or SP4) best supports the future energy system and why?	Subject to our comments above, we broadly support SP3 as it appropriately balances broader system planning objectives with practical implementation and deliverability considerations. Given the scale and pace of transformation across the energy sector, SP3 represents a safer and more pragmatic approach while still supporting a more coordinated, whole-of-system planning framework. We support enhanced collaboration between AEMO, network service providers and regulatory bodies through existing roles, responsibilities and planning processes, rather than introducing new governance or accountability frameworks. This approach is more likely to improve coordination and planning outcomes while minimising the risk of duplication, additional complexity and unintended consequences.
	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.	We support a hybrid approach between SP3 and SP4. However, broader planning should occur before actionability is extended to additional regulated assets.

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	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.	We consider that improved data sharing, stronger planning coordination between transmission and distribution networks, greater transparency of modelling assumptions, and streamlined RIT-T and RIT-D processes would support the effective implementation of SP3.
5	1	**Framework for choosing the future purpose of the ISP** Do you agree with the Commission's approach to forming an initial preference between the strawpeople?	Yes.
	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?	Whilst we broadly agree with the four factors, we consider that implementation complexity, transparency and modelling practicality should be more prominently weighted. These considerations are critical to ensuring that the proposed framework remains robust, proportionate and capable of practical implementation.
	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	Treating DER, CER and demand-side resources solely as model inputs, risks understating the role these resources can play in meeting network needs. This approach may overstate network augmentation requirements, understate the value of local flexibility options, and overlook lower-cost alternatives that could deliver comparable or better outcomes. The greatest value from broader co-optimisation is likely to come from prioritising the most material and scalable resources, including flexible demand, community

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		b. which resources would be most material to co-optimise, 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.	batteries, orchestrated CER, and other non-network solutions. By contrast, there may be limited benefit in attempting to optimise individual household decisions, given the complexity involved and the relatively small impact of individual actions on overall system outcomes. Realising the benefits of broader co-optimisation will require several enabling measures. These include improved data quality and availability, more standardised planning assumptions, stronger collaboration between DNSPs and AEMO, and a staged implementation approach that allows capabilities and processes to mature over time. A broader co-optimisation framework would also introduce challenges, including increased model complexity, reduced transparency, and potentially greater volatility in planning outcomes. However, these risks can be managed through a phased adoption pathway, supported by clear governance arrangements, consistent methodologies, and appropriate oversight mechanisms.
	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	We offer no response to this question.

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		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?	We offer no response to this question.
6		**We will consider potential benefits of extending the ISP to gas** 1. What benefits would extending the ISP's purpose to co-optimise across both electricity and gas 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 of any associated actionability mechanism?	We offer no response to this question.
7	1	**Evidence of material issues with the planning framework and potential solutions** Does the ISP's existing modelling approach reduce the credibility of the ODP? If so, how?	Whilst the current approach does not fundamentally undermine credibility, it can be reduced where: • DER capability is insufficiently represented • distribution network opportunities are treated simplistically, and • assumptions are not transparent.

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	2	How would more comprehensive modelling change the outcomes of the ODP?	More comprehensive modelling may identify lower-cost non-network and distribution-led solutions and improve whole-of-system outcomes.
	3	What further prescription in the NER or guidelines would help the ISP better support investment and policy decisions?	Limited additional prescription may improve consistency, but flexibility should be retained to allow AEMO to evolve methodologies as the market changes.
8	1	**Evidence of material issues with the delivery framework and potential solutions** 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?	Some flexibility should be provided where new information materially changes project assumptions or local circumstances whilst maintaining consistency with the ISP's objectives.
	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?	Reassessment can increase uncertainty, stakeholder confusion and project delays. Once projects pass key milestones, reassessment thresholds should be higher.
	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?	We offer no response to this question.
	4	Is there a lack of clarity between treatment of projects that move between, or interact across, the RIT-T and	We offer no response to this question.

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		jurisdictional planning pathways that impacts the value of the ISP, and how can clarity be improved?	
9	1	**Evidence of material issues with the governance arrangements and potential solutions** 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?	Accessibility issues associated with the ISP can undermine stakeholder confidence and constrain meaningful participation in the planning process, particularly for consumers, community groups and smaller market participants who may have limited resources or technical expertise. Improving the transparency, accessibility and communication of the ISP would enable broader and more meaningful stakeholder participation, leading to a more robust and informed planning process. Clearer presentation of key assumptions, methodologies and outcomes would make it easier for stakeholders to understand, assess and engage with the ISP's findings and recommendations. This could include plain-English summaries, regional reporting, consumer bill impacts and better visualisation tools. Regional reporting could also provide greater visibility of how alternative development pathways may affect network flows, congestion and locational value, particularly where transmission and REZ/REH development may materially affect existing generation and future investment decisions. For market participants and investors, transparency should also extend to the potential locational and economic consequences of ISP development pathways. Transmission investment, REZ/REH development and changing network flows can materially affect congestion, marginal loss factors and the settlement value of existing and prospective generation. Greater visibility of these potential impacts, including at a regional level, would assist participants to understand how alternative development pathways may affect existing assets and future investment decisions. This would strengthen the ISP's value as an investment reference point and improve transparency regarding how the costs and benefits of system development are distributed across the NEM.

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	2	Can the ISP Consumer Panel effectively input into the ISP process? How could the Panel be better supported?	Yes. The panel plays an important role and this could be strengthened through earlier engagement, technical advisory support, and broader representation, including small business interests.
	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?	We consider the existing arrangements broadly work but these could benefit from earlier and more structured information sharing between AEMO, networks and jurisdictions. Also, the recent Enhancing distribution network planning and reporting reforms should be allowed time to mature before introducing significant new obligations.
	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?	Yes. Long publication cycles for the ISP can make it challenging to incorporate significant new information as it emerges. More flexible update mechanisms should therefore be considered to enable the timely incorporation of material developments without requiring a full ISP refresh. This could include targeted updates to key assumptions, scenario inputs, forecasts or actionable projects where significant changes occur.
	5	Is there sufficient clarity over how projects are represented in the ISP? How can clarity be improved?	The classification of ISP projects, and the pathways through which projects move between categories, could be presented more clearly and consistently. Greater transparency regarding the criteria, decision points and processes used to classify projects would improve stakeholder understanding of project status and the role of each project within the broader planning framework. This is particularly important for distinctions between actionable projects, future ISP projects, jurisdictional projects and ISP development opportunities.

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10	1	**Other issues for the Review** Do stakeholders agree the Review should not further consider the identified issues?	We generally agree with the AEMC's proposal not to prioritise other issues identified by stakeholders as many of these are being addressed through other reforms.
	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?	We consider the treatment of existing generation within the ISP framework warrants further consideration as part of this review. The ISP necessarily focuses heavily on the development of new generation and transmission required to meet future system needs. However, transmission investment, REZ/REH development and changing generation patterns can also materially alter the locational value of existing generation through changes in network utilisation, congestion and marginal loss factors. There is therefore a risk that development pathways assessed as efficient from the perspective of enabling new investment may have consequential impacts on otherwise efficient existing generation that are not sufficiently visible within the planning framework. This raises a broader whole-of-system planning question, whether the costs and benefits of alternative ISP development pathways are being assessed sufficiently across both new and existing assets. Greater consideration of these interactions would improve transparency regarding the distribution of benefits and costs arising from ISP development pathways and help ensure that investment decisions reflect the efficient utilisation of existing assets alongside the development of new infrastructure.

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