3 September 2026

Danielle Beinart
Executive General Manager, Networks and Technical
Australian Energy Market Commission

Lodged online: www.aemc.gov.au

Dear Ms Beinart,

REVIEW OF THE INTEGRATED SYSTEM PLAN FRAMEWORK – DISCUSSION PAPER

Origin Energy Limited (Origin) welcomes the opportunity to provide feedback on the Australian Energy Market Commission's (AEMC) *Review of the Integrated System Plan (ISP) framework* – Discussion Paper.

Origin supports retaining the ISP's current planning scope and actionability framework. Of the AEMC's five strawpeople outlined in the Discussion Paper, Origin considers Strawperson 2 (SP2) – continuity with a faster national pathway – the preferable option, as it focuses on improving the speed and certainty of transmission project delivery. Origin does not support SP3 or SP4, which would extend the ISP's co-optimisation to distribution, CER and demand-side resources, or SP5, which would extend the ISP's purpose to integrated electricity and gas planning. Instead, Origin supports improving integration of distribution, CER and demand-side information provision through existing work streams; and better distributed storage modelling in the ISP. Origin also recommends the AEMC require AEMO to test broader sensitivity scenarios around jurisdictional policy delivery risk while retaining firm policies in the ISP central scenario to improve the robustness of the ISP. Origin's submission focuses on:

- the ISP's planning scope and actionability framework (Strawpeople 1 to 5);
- the treatment of jurisdictional policy in ISP sensitivity analysis; and
- transparency and information-sharing between the ISP and jurisdictional planning processes.

ISP planning scope and actionability

Origin supports Strawperson 1 (SP1) and, in particular, SP2. Both retain the ISP's current scope – co-optimising grid-scale generation, storage and transmission, and treating distribution, CER, demand-side resources and gas as inputs – and confine the actionability trigger to transmission projects on the optimal development path (ODP). Origin considers SP2's targeted improvements to the interface between the ISP and the Regulatory Investment Test for Transmission (RIT-T), and to the speed of the economic assessment process, could improve ISP outcomes by reducing the time it takes to move a project from the ODP to delivery.

Origin does not support SP3 or SP4. Both would extend the ISP's co-optimisation to distribution, CER and demand-side resources. SP4 would go further, extending actionability beyond transmission to other major regulated investments including distribution investment.

- Distribution, CER and demand-side outcomes are substantially shaped by matters the ISP's optimisation cannot capture – network tariff structures, state-based CER incentive schemes, DNSP investment decisions made through separate AER regulatory determinations, and consumer adoption behaviour – rather than by ISP-style investment or actionability signals. Modelling these as decision variables within the ISP's optimisation risks an ODP that does not reflect how these markets function, undermining confidence in the plan as a whole.
- Co-optimising a wider set of resources materially increases the complexity of the ISP's modelling task. This reduces AEMO's flexibility to respond to new information or unexpected

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changes in the underlying markets, and directly affects its ability to update and iterate the ISP between cycles as the energy system continues to change rapidly.

- If SP3 is adopted without extending actionability to distribution, distribution-level "development opportunities" identified in the ODP would not be binding on DNSPs and would have no actionability trigger of their own. Because the ISP's optimisation could treat these opportunities as substitutes for transmission investment, non-delivery may result in necessary transmission investment being displaced or delayed in the ODP.

However, Origin recognises that more distribution, CER and demand-side information could improve the ISP by strengthening the inputs and assumptions that underpin it. There is already several workstreams underway by AEMO, the AEMC and distribution network service providers (DNSPs) seeking to improve visibility and information transparency at the distribution and CER level. The AEMC's final rule on enhancing distribution network planning and reporting will require DNSPs to publish a 20-year Distribution Network Development Plan (DNDP) aligned to AEMO's Inputs, Assumptions and Scenarios Report (IASR)[1], and AEMO, working with the Department of Climate Change, Energy, the Environment and Water (DCCEEW), is separately developing a Demand-side Statement of Opportunities (DSOO) to improve visibility of demand-side capacity nationally, with a draft expected by the end of 2026 and a final report in mid-2027[2]. Origin considers that these initiatives and the continued development of distribution system operator functions, should be allowed to mature and deliver their intended transparency benefits before revisiting whether and how the ISP framework should more formally incorporate distribution, CER and demand-side outcomes.

As part of AEMO's ongoing improvements to the ISP, Origin also recommends AEMO improve the visibility and transparency of virtual power plant (VPP) behaviour used in ISP modelling. The storage-duration assumption currently applied to VPPs in the IASR – 3.5 hours – mirrors the assumption used for utility-scale and merchant storage and does not reflect how VPPs actually respond to price and system signals in practice. Origin recommends AEMO draw on the visibility the Market Visibility Framework (MVF) is intended to provide, once implemented, to develop a VPP-specific storage-duration and dispatch profile for ISP modelling. AEMO is currently developing the MVF's detailed design at the direction of Energy Ministers, with final recommendations due by December 2026.[3]

Finally, Origin does not support SP5. Extending the ISP's purpose to integrated electricity and gas planning would require amendments to the National Electricity Law and National Gas Law, and broader institutional change extending well beyond the ISP framework itself. If the AEMC continues to progress SP5, Origin considers this warrants separate, dedicated consideration once the more immediate scope and actionability choices in SP1 to SP4 are resolved, rather than being progressed within the same process.

Consideration of jurisdictional policy in ISP sensitivity analysis

The Discussion Paper states that the AEMC does not intend to revisit the treatment of jurisdictional policies and system costs through this Review, noting this was recently considered through a related rule change process.[4] That process considered requiring AEMO to assess the deliverability or probability of jurisdictions meeting their policy targets within the ISP's scenarios – an approach that would have represented a material expansion of AEMO's remit. It did not consider, and this Review does not foreclose, the narrower question of whether the ISP's broader modelling framework should more

[1] AEMC, Rule Change - Enhancing distribution network planning & reporting, Final Determination, https://www.aemc.gov.au/rule-changes/enhancing-distribution-network-planning-reporting
[2] DCCEEW, Demand-side Statement of Opportunities, August 2026, https://www.dcceew.gov.au/energy/strategies-and-frameworks/demand-side-statement-opportunities
[3] AEMO, Market Visibility Framework (MVF) consultation, https://www.aemo.com.au/consultations/current-and-closed-consultations/market-visibility-framework-consultation
[4] AEMC, Rule Change – Clarifying the treatment of jurisdictional policies and system costs in the ISP, Final Determination, https://www.aemc.gov.au/rule-changes/clarifying-treatment-jurisdictional-policies-and-system-costs-isp

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robustly test delivery risk through dedicated sensitivity analysis that vary or exclude jurisdictional policy settings. This is a question of robustness testing design and breadth and Origin considers it falls within the scope of this Review.

Origin strongly recommends the AEMC require AEMO to test a wider and more realistic range of sensitivity scenarios that vary or exclude jurisdictional policy settings, to assess the extent to which delivery risk or uncertainty in policy implementation could alter the optimal development path identified under policy-aligned assumptions. Origin also reiterates its recommendation that the ISP's central scenario continue to reflect all firm jurisdictional environmental or energy policies material to system development. Together, these changes would improve the robustness and usefulness of the ISP to stakeholders without requiring AEMO to assess the deliverability or likelihood of any government policy being met.

Governance – transparency and information sharing

Origin supports the governance workstream's focus on stakeholder trust and engagement with the ISP. As the number of jurisdictional planning instruments relevant to NEM infrastructure development continues to grow, Origin considers there should be clearer requirements for the ISP to identify where its modelling assumptions diverge from jurisdictional planning processes, and to explain how those differences affect development pathways and infrastructure outcomes. Origin also recommends the AEMC review the timeliness and adequacy of information-sharing arrangements between AEMO and jurisdictional planning bodies, so AEMO has consistent access to up-to-date information on infrastructure sequencing, delivery timelines and implementation risk when developing the ISP.

If you wish to discuss any aspect of this submission further, please contact Megan Findlay at Megan.Findlay@originenergy.com.au.

Yours sincerely,

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Group Manager, Regulatory Policy

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