Written record of verbal comments by energy consumer advocates on the Draft 2022 Integrated System Plan

1. Purpose of the feedback session and this document

On 10 December 2021 AEMO published the Draft 2022 Integrated System Plan (ISP) for public comment. Submissions to the Draft 2022 ISP closed on 11 February 2022.

To support the capacity for consumer advocates to provide a formal submission to the Draft 2022 ISP Consultation, AEMO held an interactive session with energy consumer advocates on 4 February 2022 to provide verbal submissions. AEMO staff did not give attendees new or additional information, but rather provided an opportunity for consumer advocates to summarise the key areas of feedback they had on the Draft 2022 ISP.

AEMO produced this written record of the commentary provided from consumer advocates, which has been agreed with speakers. AEMO will consider the feedback raised in the session, as recorded below, along with all other written submissions to the Draft 2022 ISP.

Comments are recorded below in the order made in the session.

2. Attendees

Name	Organisation	Name	Organisation
Kellie Caught	Australian Council of Social Service (**ACOSS**)	David Havyatt	Network of Illawarra Consumer of Energy (**NICE**)
Melissa Perrow	Brickworks Building Products	Maureen Boyle	South Australian Council of Social Service (**SACOSS**)
Anthony Cooper	Business NSW	Anna Song	Sunrise Project
Brian Spak	Energy Consumers Australia (**ECA**)	Mark Henley	Uniting Communities
Luke Reade	Energetic Communities	Andrew Nance	ISP Consumer Panel
Audrey Cetois	Energetic Communities	Gavin Dufty	ISP Consumer Panel
Jo De Silva	Energy and Water Ombudsman of South Australia (**EWOSA**)	Mark Grenning	ISP Consumer Panel
David Prins	Etrog Consulting	Richard Owens	ISP Consumer Panel
Rory Campbell	Energy and Water Ombudsman of NSW (**EWON**)	Stephanie Bashir	ISP Consumer Panel

3. Topics for comment

At the start of the session, all attendees were given the opportunity to nominate any aspect of the Draft 2022 ISP about which they wished to provide comment. All attendees were then given the opportunity to comment on each topic. The eight topics identified were:

1. Risk appetite of consumers and the market
2. How will consumers manage increased costs?
3. Scenarios used in the Draft 2022 ISP

4. Transmission infrastructure
5. Resourcing consumer advocacy
6. Renewable Energy Zones
7. Social licence
8. Other feedback

3.1 Risk appetite of consumers and the market

- **NICE**: Different consumers have different preferences for the balance between reliability and cost. Transmission investment is a blunt tool where everyone wears the price impact, despite not all consumers valuing the benefits it provides equally.
- **ACCOSS**: The allocation of network costs to consumers through bills is regressive. Cost allocation might not be the role of the ISP, but it is very important.
- **SACOSS**: Cost allocation and distributional analysis [identifying the real beneficiaries of the investments] is very important. These must be part of the final ISP.
- **EWOSA**: Consumers report that they generally don't have much capacity to manage risks, and feel that network companies are better placed to manage risk. Many consumers, especially households, are limited in what they can and cannot change.
- **Uniting Communities**: Cost allocation has to be part of applying the National Electricity Objective, and an element of the ISP analysis.

3.2 How will consumers manage increased costs?

- **EWOSA**: Electricity prices have come down in recent years, but residential, small and large consumers, remain highly sensitive about price increases.
- **Uniting Communities:** The narrative that "prices are falling, so customers are better off" is not true for all customers. Renters and those without solar photovoltaic (PV) panels or batteries are not seeing falling prices.
- **NICE**: Given that transmission investments are developed for a 30 year life, and most benefits are greater towards the end of the assets life, the distribution of costs to consumers do not appropriately mirror the anticipated timing of benefits. Depreciation allocations cause a temporal imbalance, since current investments are paid by current customers for the benefit of future customers. This is a challenge with big lumpy investments.

3.3 Scenarios used in the Draft 2022 ISP

- **NICE**: The scenario range is too narrow. Distributed Energy Resources (DER) forecasts do not make sense in the scenarios, if the greatest percentage of the energy provided by DER is 27% of total energy consumed. The scenarios should provide a greater spread of potential futures, with greater contribution from DER, to assess whether an even greater role for DER is beneficial This makes a big difference to resilience, since DER still works during transmission outages.
- **ACCOSS**: Resilience needs to be a key part of scenario planning. In a scenario with high DER, the availability of PV and batteries to all (including those who are

struggling) will provide more resilience in the system, and may be a better alternative than transmission.

- **Energetic Communities**: The media pushes the Step Change scenario, but Step Change will only limit global warming to 1.8 degrees – and that's not enough. The way the ISP frames scenarios is important, and provides greater awareness of the actions required to get to 1.5 degrees.
- **Uniting Communities**: A future scenario could well be the 'gone local' scenario, with high PV and batteries, and heaps more stand-alone power systems (SAPS).
- **ECA**: Showing the results with different scenario weightings would help people understand the importance of scenario likelihoods.

3.4 Transmission infrastructure

- **Sunrise Project**: Transmission networks are part of an essential service, especially for industry which provides employment for many consumers. Governments should invest in large-scale transmission infrastructure so that Australian consumers get the environmental and jobs benefits from the reshaping of the economy and the job market.
- **ACCOSS**: Smart investment is needed; some industry is developing its own on-site renewable energy sources, reducing its reliance on transmission. We must ensure that only those transmission lines that are absolutely necessary are progressed.
- **Energetic Communities**: "Who does the investment benefit" is an important question too. Investment decisions must be made in consultation with all appropriate stakeholders and with appropriate independence and accountability.

3.5 Resourcing consumer advocacy

- **Etrog**: All these large projects identified in the Draft 2022 ISP need consumer involvement and oversight along the entire process.
- **Energetic Communities**: "Deep dives" to help consumer advocates understand aspects of the ISP in an efficient manner would further enhance engagement.

3.6 Renewable Energy Zones (REZs)

- **SACOSS**: What will REZs look like to the community? Distributional analysis is important and should be done in the future. The impact of REZs on the wholesale prices is important.
- **Uniting Communities:** We need to know where the benefits will be – which consumers will get the benefits, and which consumers pay for it.

  We also need a better view on how uncertainty is managed. The ISP is about investing now for uncertainty in the future, with long-term assets.
- **EWOSA**: This relates to the risk of over-investment. It's not just about putting in these assets, it's also about their scale so there is no risk of stranded assets in the future.
- **Brickworks**: We need to stop talking about energy only prices and discuss total system cost to the end consumer.

3.7 Social license

- **EWOSA**: ISP projects may lead to consumers paying higher prices, so the flow on impacts to consumers needs to be investigated.
- **Energetic communities**: Overseas, there have been social license issues for many large transmission projects. Some projects have been deferred indefinitely due to a lack of social licence. It is important to consider the timeline and cost impacts of social licence at an early stage in the planning process.

3.8 Other feedback

- **ECA**: The ISP engagement process is one of the best in the industry. Publishing AEMO's approach to engagement, and seeking to replicate it elsewhere, would benefit consumer groups and, ultimately, outcomes for energy consumers.