



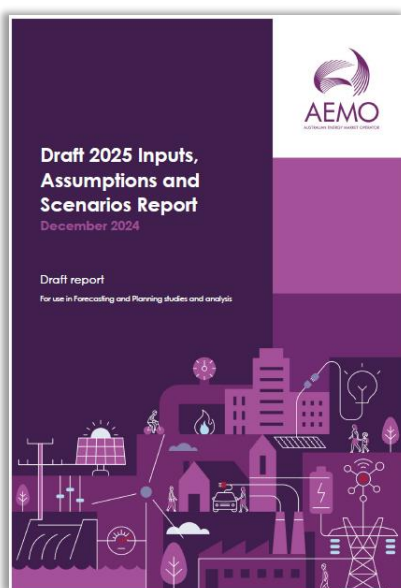
Welcome to the December 2024 Integrated System Plan (ISP) newsletter. AEMO looks forward to working with stakeholders throughout the development of the 2026 ISP.

This issue includes updates on:

- *Draft 2025 IASR – stage 1* open for consultation
- *ISP Methodology* consultation
- *Electricity Demand Forecasting Methodology* consultation – stage 2
- Cost Benefit Analysis guidelines
- ISP Consumer Panel update

## Draft 2025 IASR released

AEMO released stage one of the [Draft 2025 Inputs Assumptions and Scenarios Report](#) (IASR) on 11 December 2024.



This report contains descriptions for most of the Draft 2025 inputs, assumptions and scenarios to be used in AEMO's 2025-26 Forecasting and Planning publications for the National Electricity Market (NEM).

The submissions will help inform AEMO's regulated forecasting and planning activities, including the ISP.

The report features [scenarios](#) representing plausible future worlds within which the energy transition occurs and consider commitments by Australia's governments to transition Australia's economy to net zero emissions by 2050.

[Incorporating stakeholder feedback](#), scenarios in the *Draft 2025 IASR* reflect updated inputs and assumptions, including variations in key parameters based on greater or lesser activity in each component since the 2023 IASR scenarios (applied in the 2024 ISP).



*Step Change* continues to provide central conditions to evaluate necessary investments to achieve the net zero transition that Australia is embarking on.



*Progressive Change* and a *Green Energy* scenario provide slower and faster paces of change to evaluate the power system's needs against.



AEMO is seeking stakeholder feedback on two variants to the *Green Energy* scenario: *Green Energy Exports* and *Green Energy Industries*, the latter having reduced focus on export opportunities.



## Staged release

The *2025 IASR* notes the need to better integrate gas into the ISP, enhanced demand forecasting and opportunities for consumer energy resources (CER).



This follows the Energy and Climate Change Ministerial Council (ECCMC) response in April 2024 to a review examining the ISP's optimal function and form.

To accommodate these additional elements, the Draft 2025 IASR is being released in stages:

**Stage 1** – released on 11 December; provides interested stakeholders with an opportunity to submit feedback on many of the inputs, assumptions and scenarios, in written submissions (by 11 February 2025)

**Stage 2** – for release in February 2025, followed by a consultation window; will include emissions reduction parameters and expanded inputs needed to consider new elements of the ISP's scope.



The *Draft 2025 IASR* process involves extensive engagement with industry, governments, and consumer representatives to develop the final *2025 IASR* between now and July 2025.

AEMO welcomes feedback and will host a webinar on **Thursday, 23 January 2025** to discuss key messages in the report and respond to stakeholder questions to inform submissions. [Register here](#) to attend.

AEMO is hosting a verbal submissions session on **Tuesday, 11 February 2025**. Note this is only for consumer advocates who would not otherwise provide a written submission.

Consumer advocates may [register here](#) to attend and provide their submission verbally.

Other stakeholders may direct inquiries to [Forecasting.Planning@aemo.com.au](mailto:Forecasting.Planning@aemo.com.au)

## ISP Methodology consultation

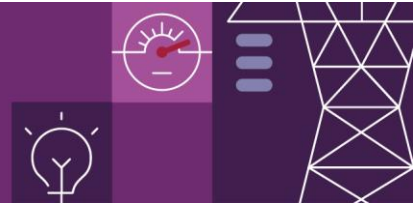
AEMO prepares its ISP in accordance with an ISP Methodology prepared through public consultation.

For 2026 ISP, AEMO will apply a revised version of the current methodology. It will be prepared to meet the requirement that AEMO complete a full review of the methodology every four years and will allow opportunity to consult on any changes that need to come through in response to implementing the outcomes of the Energy Ministers' response to the ISP review completed by the Federal Government.

In October, AEMO began consultation on the *ISP Methodology Issues Paper*, and accepted submissions until 22 November 2024.



Thank you to the 33 stakeholders who provided written submissions in response to the Issues Paper, and the six consumer advocates who provided verbal submissions. The top six themes included: GPG modelling,



perfect foresight, demand-side modelling, hydrogen, system security and the Optimal Development Path process.

AEMO will outline upcoming engagement opportunities to inform the ISP methodology.

Visit the [AEMO Consultation web page](#) for more information.



## Electricity Demand Forecasting stage 2 update

The first stage consultation of the [Electricity Demand Forecasting Methodology Consultation](#) closed in August and received nine written submissions.



The *Draft Determination* and notice of second stage consultation was published on 28 November 2024, with submissions due on 17 January 2025.

The *Final Determination* and *Methodology* will be published in March 2025.

## Cost benefit analysis (CBA) guidelines

In November, the Australian Energy Regulator (AER) released an [update of its Cost benefit analysis guidelines](#), which AEMO uses to identify an Optimal Development Pathway (ODP) in the ISP that promotes the efficient development of the power system in the National Electricity Market.



When developing the ISP, AEMO provides the AER with a compliance report regarding adherence to the CBA guidelines, the forecasting best practice guidelines and relevant clauses of the NER.

Updates to the guidelines include:

- Improving workability of the feedback loop
- Sharing concessional finance benefits with consumers
- Enhancing community engagement in transmission building
- Improving the workability of the feedback loop, and
- Bringing forward early works to improve transmission planning.

## How to get involved

As AEMO develops the 2026 ISP, we will provide more information on engagement opportunities.

[Join the ISP mailing list](#) to stay up to date.



For more information, please view the [2026 ISP Engagement plan](#) or email [ISP@aemo.com.au](mailto:ISP@aemo.com.au)



# HEAR FROM THE: ISP Consumer Panel

***In this issue, [2026 ISP Consumer Panel members share an update on their recent contributions to the two-year development of the 2026 ISP. 2026 ISP Consumer Panel members include Mark Henley, Beverley Hughson, Craig Memery and Jarra Hicks.](#)***

In the three months since the last 2026 ISP newsletter, the four Consumer Panel members have continued to meet fortnightly with key AEMO staff, with a strong focus on exploring aspects of the *Draft 2025 Inputs, Assumptions and Scenarios Report* (IASR).

The Panel is continually exploring approaches that will enhance input to any aspect of the ISP by consumer interests and have given focus to CER (Consumer Energy Resources) and how it can be encouraged, along with exploring ‘mid-level’ generation, as this is where community energy organisations are operating under difficulty due to prevailing arrangements.

We have provided written comments and provided consumer-focused advice for AEMO’s consideration on the following:

- Electricity Demand Forecasting Methodology Consultation Paper
- 2026 ISP Stakeholder Engagement Plan
- Distributed Energy Resources (DER)/CER stakeholder database (Excel) with a focus on community-based ‘mid-level’ providers
- Discount Rates / WACC in response to Oxford Economics’ progress report
- ISP Methodology issues paper.

The Panel also made a submission to the Senate Select Committee on Energy Planning and Regulation in Australia.

## ***Electricity Demand Forecasting Methodology Consultation Paper***

An important aspect of this consultation paper was the early consideration of how the 12 actions supported by Energy Ministers in response to the 2023/2024 ISP Review would be considered.

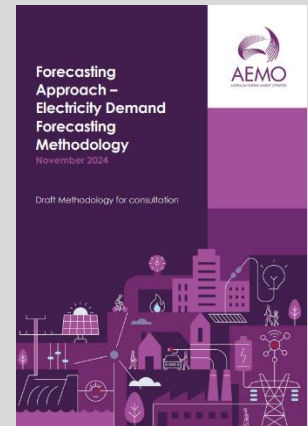
Key actions identified by the Ministers and reinforced by the Panel include:

- integrating gas into the ISP
- enhancing demand forecasting
- better data on industrial and consumer electrification for the demand side
- jurisdictional policy transparency.

The near and longer-term future role of gas in electricity generation is of concern to consumers who have a wide range of views about the extent to which gas needs to be integrated into the ISP.

On the question of hydrogen forecasts, the Panel wrote:

“It is appropriate that AEMO monitor developments in the use of hydrogen to be considered for future electricity demand forecasting, however, currently we regard hydrogen impacts on electricity demand to be likely to be modest, with most plans for proposed hydrogen electrolyser developments in ‘hydrogen hubs’<sup>1</sup>, including associated new renewable generation capacity, so not likely to be adding significant additional load to the NEM/SWIS networks.”



<sup>1</sup> The Panel understands that hydrogen-focused projects announced by state governments are Pilbara and Kwinana in WA, Hunter in NSW, Bell Bay in Tasmania, Gladstone in Queensland, and Upper Spencer Gulf in SA.



Regarding energy forecasting, the Panel supported AEMO's proposals for improving and updating demand forecasting approaches and noted that the roll out of smart meters and improving energy efficiency of appliances may limit demand growth. The potential for reduced electricity use from more energy-efficient housing was identified and hoped for.

### **2026 Stakeholder Engagement Plan submission and DER/CER stakeholder list with a focus on community-based 'mid-level' providers**



The Panel supported the engagement goal, given as:

"Provide interested stakeholders with appropriate time and opportunity to access and provide meaningful input into our planning.

We want interested stakeholders to get involved and shape our planning for the efficient development of the energy system, for the benefit of all Australians as we work to achieve a net zero future."

This is a bold goal that is supported by the Panel, while recognising that the 'pace' of the ISP process may hamper 'appropriate time' for some stakeholders to respond some of the time.

We recognise that AEMO will make every effort to hear stakeholders who want to respond to a particular topic and are hampered in their capacity to respond formally.

Continuous improvement in consumer and stakeholder engagement practice is crucial to the development of effective ISPs.

### **Discount Rates / WACC, in response to Oxford Economics progress report**

The Panel supported Oxford Economics' approach of considering three perspectives: Survey and interview, Macroeconomics, and Benchmarking with the research framework, as presented, being comprehensive.

### **ISP Methodology issues paper**

In our summary for this paper, we wrote:

"The Panel is generally supportive of the directions that AEMO is proposing in *the 2026 ISP Methodology issues paper*, in particular:

- modelling for greater levels of uncertainty
- enhancing the consideration of CER and DER in modelling
- a clearer emphasis on the role that can likely be played by distributed energy, along with DER
- responding to the Energy and Climate Change Ministerial Council (ECMC) responses to the ISP Review."

In considering the paper, the Panel has had a focus on gas, an area of ECMC advice, and identified some areas where we think further clarification would be helpful. The matter of engagement with a diversity of consumer and stakeholder interests continues to be important for all aspects of ISP development. This issues paper reinforced to us that engagement on DER / CER and distributed energy opportunities is a priority for further engagement.

### **Contact the 2026 ISP Consumer Panel**

The Panel is continually exploring approaches that will enhance input to any aspect of the ISP by consumer interests and can be contacted with any suggestions or requests for discussion via [ISP@aemo.com.au](mailto:ISP@aemo.com.au)