



Submission to the Australian Energy Market Operator's Consultation on updates to the ISP Methodology

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About RE-Alliance

RE-Alliance is working to secure an energy transformation that delivers long-term benefits and prosperity for regional Australia. We do this by listening to the needs of communities involved in the transition, working to achieve best practice across the renewables industry to deliver social outcomes and advocating for meaningful benefits for regions at a policy level.

AEMO released 'Consultation on updates to the ISP Methodology' which outlines a methodology that will inform the 2024 Integrated System Plan (ISP). We congratulate Australian Energy Market Operator (AEMO) on past work that saw the Step Change Scenario being adopted as the most likely scenario. This scenario is most closely aligned to climate commitments under the Paris Agreement and seeks to limit global temperature rise to well below 2°.

RE-Alliance has made a number of submissions regarding the ISP and transmission, including [Building Trust for Transmission](#),¹ and previous submissions to the Draft 2022 Integrated System Plan.² A number of our recommendations have been adopted by AEMO and state governments, namely the introduction of AEMO's Advisory Council on

¹ RE-Alliance, 'Building Trust for Transmission: Earning the Social Licence Needed to Plug in Australia's Renewable Energy Zones' available at:

https://www.re-alliance.org.au/launching_our_report_building_trust_for_transmission

² RE-Alliance, 11/2/22, 'Submission to the Australian Energy Market Operator's Draft 2022 Integrated System Plan'

https://www.re-alliance.org.au/submission_to_aemo_isp#:~:text=RE%2DAlliance%20congratulate%20the%20Australian,sector%20and%20the%20broader%20economy

Social Licence with which we participate in, increased landholder compensation for transmission hosts, earlier engagement and triple bottom line approach to planning as evident in VNI West.

Scenarios

RE-Alliance urges AEMO to include a 1.5 degree aligned scenario focused on rapid domestic decarbonisation in the 2024 Integrated System Plan (ISP).

Australians care about climate change. According to the most robust national poll on what voters care about—the ANU’s Election Study—a large majority of voters now see taking action on climate change as either “extremely important” or “quite important”. Nearly half of voters view taking action on climate change as “extremely important”.³

Regional communities reliant on farming will experience significant impacts should warming levels exceed 1.5 degrees. The Australian Conservation Foundation found, in the largest survey related to sentiments regarding the climate in Australia, that the majority of regional Australians want climate action. Central Queensland Farmer Bruce Currie says “for the sake of the next generation, we have to take action. It’s vital. We can turn this liability into an asset – action that needs to be taken to stop climate change will profit and benefit agriculture and society.”⁴ Regional Australians and farmers will face unprecedented levels of climate impacts through extreme weather events that are becoming more likely and more severe.⁵ It is in regional Australia's interest to act on climate change.

The next ISP could easily identify “no regrets” projects by modelling a 1.5 degrees compatible scenario that sees rapid decarbonisation for our domestic power supplies and identifying common pathways with a model geared towards exports.

Given the uncertainty around global hydrogen export markets and uses for hydrogen, AEMO should also model other green export opportunities, including electrification of export products.

- **Recommendation: Include a 1.5 degree aligned scenario modelling rapid domestic decarbonisation**

³ Australian National University, 2022, ‘Australian 2022 Federal Election: Results from the Australian Election Study’ <https://australianelectionstudy.org/wp-content/uploads/The-2022-Australian-Federal-Election-Results-from-the-Australian-Election-Study.pdf>

⁴ Australian Conservation Foundation, 2022, ‘Australia's biggest ever climate poll: Read the results!’ <https://www.acf.org.au/biggest-climate-poll>

⁵ CSIRO, 2022, ‘Seven things you need to know about State of the Climate 2022’ <https://blog.csiro.au/7-things-about-state-of-the-climate-2022/>

Community Preferences & weighting risk

The draft ISP methodology does well to include consumer preferences. However, consumers are also people, who are stakeholders in the grid for reasons aside from their consumption of electricity. People may or may not:

- care about living in a safe climate in the future
- benefit economically from participating in a society with a strong green export economy
- be concerned about impacts of renewable infrastructure development in their region
- Have preferences about how they participate in the energy grid of the future via DER

The 'Consultation on updates to the ISP Methodology' notes the inclusion of consumer risk preferences stating that the AEMO "may use informed judgement to finalise the Optimal Development Path (ODP) with reference to consumer risk preferences by incorporating evidence-based risk metrics where available."

RE-Alliance agrees that including consumer preferences are important, however this should be broadened out to include broader community interest. Incorporating community preferences in any risk calculation would be better addressed by consulting more widely than the ISP consumer panel. At a minimum, this wider consultation should include AEMO's Advisory Council on Social Licence.

In addition, this process should be made transparent so all stakeholders can see how AEMO is weighting various risk profiles.

RE-Alliance has previously noted that the failure to obtain "social licence" for transmission projects to be one of the "critical challenges to the delivery of energy infrastructure, including transmission assets".⁶

As noted in the 'Consultation on updates to the ISP Methodology' a key change is "Accounting for transmission project lead time uncertainty by reviewing and extending lead times based on recent evidence." The lead time uncertainty has been in part because of social licence issues that could have been avoided with community input into the ISP process.

A key pillar to developing social licence in any infrastructure build is "just process".

⁶ RE-Alliance, 11/2/22, 'Submission to the Australian Energy Market Operator's Draft 2022 Integrated System Plan'
https://d3n8a8pro7vnm.cloudfront.net/vicwind/pages/2693/attachments/original/1644899545/REA_Submission_to_AEMO's_Draft_2022_ISP.pdf?1644899545

- **Recommendation: Incorporate community preferences into the ISP process, by including wider consultation - at a minimum the Advisory Council on Social Licence.**

Community preferences and social licence risk are hard to measure, but given the importance, we cannot afford to leave them out of AEMO's analysis.

There is a large body of work in the social sciences that aims to quantify and measure community preferences, social licence risk, and local impact of infrastructure.⁷

- **Recommendation: employ social scientists to inform the metrics of community preferences.**

Broader Communications & Engagement

There is a role for AEMO to more proactively engage with regional communities early and often in the ISP development process.

Developing more accessible communications that speak to the climatic and economic benefits of the energy transition, as well as the role of transmission lines in this transition would go a long way to engaging community members. For example, the 2020 ISP presented an interactive map, which doesn't seem to have been updated for 2022 ISP.

We have previously recommended better coordination and clearer communication of the interventions recommended by AEMO :

We suggest that the critical nature of the build-out of this infrastructure is conveyed more clearly in the ISP, in REZ Design reports and jurisdictional planning reports and by Governments at all levels. It is also important that the benefits of such projects including economic development, job creation and possible benefit sharing are conveyed to communities.⁸

Including a scenario of 1.5 degrees would help communicate the critical nature of the build out because it matches the urgency of the problem the ISP is addressing. One

⁷ Ram, B., & Webler, T. (2022). Social amplification of risks and the clean energy transformation: Elaborating on the four attributes of information. *Risk Analysis*, 42, 1423–1439.

<https://doi.org/10.1111/risa.13902> and Winter, K., Hornsey, M.J., Pummerer, L. et al. (2022). Anticipating and defusing the role of conspiracy beliefs in shaping opposition to wind farms. *Nat Energy* 7, 1200–1207). <https://doi.org/10.1038/s41560-022-01164-w>

⁸ RE-Alliance, 11/2/22, 'Submission to the Australian Energy Market Operator's Draft 2022 Integrated System Plan'

https://www.re-alliance.org.au/submission_to_aemo_isp#:~:text=RE%2DAlliance%20congratulate%20the%20Australian,sector%20and%20the%20broader%20economy

way to communicate conceptual transmission corridors is to include a publicly accessible interactive map as was the case in previous ISP's before the 2022 ISP.

- **Recommendation: Reintroduce additional and interactive detail to the map resources provided, so communities can more clearly understand the large-scale interventions and how they relate to their local area.**

Role of the Advisory Council on Social Licence

RE-Alliance is pleased to be represented on this advisory council. While we understand that progress is being made in defining the role of the council, we see value in clarifying the way in which its work is reflected in the ISP, in the methodology.

For instance, outlining the way in which the council's advice is considered in the calculation of transmission project lead times as well as lead times and delivery risk around renewable energy zone projects would provide additional clarity to the process. As with our earlier recommendation around community preferences, the greater the level of transparency around the how these evaluations are arrived at, the better.

- **Recommendation: Clarify the role of the Advisory Council on Social Licence in supporting the ISP**