



## Submission: Draft ISP Methodology (March 2023)

### Introduction and about the First Nations Clean Energy Network

The [First Nations Clean Energy Network](#) (**Network**) thanks the Australian Energy Market Operator (AEMO) for the opportunity to comment on the March 2023 “Consultation paper - Update to the ISP Methodology”.

The Network is made up of First Nations people, groups, community organisations, land councils, unions, academics, industry groups, technical advisors, legal experts, renewables companies and others - working in partnership to ensure that First Nations people, groups and communities are key participants in and share in the benefits of Australia’s rapid transition to clean energy. The Network is led by a Steering Group of First Nations leaders.

Australia’s rapid transition to renewable energy will require access to vast areas of land and waters, including for thousands of kilometres of new transmission infrastructure.

Enabling and empowering First Nations to play a key and central role in Australia’s renewable energy transition goes beyond just social licence issues - it presents a unique opportunity for Australia to design an economic system around energy and renewable energy infrastructure developments (and upstream and downstream supply chains, including employment outcomes) that is fair and just and which can also positively impact and result in a range of other social and economic benefits for First Nations.

The Network supports communities to address the barriers to clean, affordable and reliable power, securing good jobs and strong economies, so First Nations can have the choice to continue to live and work on Country.

As a national, First Nations-led coalition, the Network aims to enable and empower First Nations to participate in, benefit from, respond to and shape an energy system in rapid transition as Australia rapidly transitions to renewable energy and seeks to meet legislated emissions reductions targets.

The Network’s approach is built on three pillars:

- 1. Community**      The Network supports First Nations communities address issues of energy security and affordability, and to shape the design, development and implementation of clean energy projects at every scale
- 2. Industry partnerships**      The Network acts as an innovation hub, promoting best practice standards and principles that companies should adopt and investors should require before committing capital to a clean energy project
- 3. Policy reform**      The Network advocates to lift significant federal and state regulatory barriers and stoke government investment, removing regulatory

## **Designing an energy system that is inclusive of First Nations rights, interests and responsibilities**

There is a massive global and domestic renewables energy transition underway that is driving generational shifts in energy systems. First Nations people can, and should benefit from this revolution, whether from small community-based projects, to large scale, export-focused initiatives.

With many First Nations communities at the forefront of the devastating impacts of climate change and struggling with unreliable and expensive power, coupled with the substantial rights, interests and responsibilities (through traditional ownership, cultural heritage, native title and land rights schemes) held by First Nations across Australia's land and seas, now is the time to position First Nations as co-designers and drivers of systems, policy, legislation, and projects needed to facilitate the transition.

Put simply, by including and embedding First Nations as partners in the transition and the right to free, prior and informed consent in systems, planning processes, policy and legislation, the transition can be fair and just, avoid legal contestation to occur at the pace necessary, and will deliver mutual cultural, social, economic and environmental benefits to people and country.

With the Federal Government committing to enshrine a First Nations voice to Parliament, now more than ever is the right time to ensure First Nations play a central role in, and benefit from the opportunities that the transition will establish. Through the First Nations Clean Energy Network, we're excited to bring together First Nations people, industry and government leaders to help chart this way forward.

We also appreciate that there are real challenges to getting this right.

While there is broadly goodwill from the renewable energy industry, we must translate this into action, working in a respectful partnership. Engaging early, and in a genuine manner, will be critical - we don't want Traditional Owners hearing about projects for the first time through the media or on schematic diagrams on government websites.

Companies, regulators and the industry could do well to listen to and learn from traditional knowledge and culture about proposed renewables sites - we need to consider what the benefits look like over generations.

We also need to make sure that First Nations are properly resourced and equipped to engage with the industry and the pace and scale of the transition.

## **Best Practice Principles to inform renewable energy infrastructure projects**

The First Nations Clean Energy Network advocates for the development of a renewable energy sector which supports the aspirations and objectives of First Nations people across Australia, and

an active network of Traditional Owners and First Nations representative entities, businesses, organisations and groups engaged in the renewable energy sector.

To assist in the shaping of such a sector, the First Nations Clean Energy Network has developed and launched a set of Best Practice Principles for Clean Energy Projects (“Principles”).<sup>1</sup> These Principles place First Nations people and their communities at the centre of the development, design, implementation and opportunities for economic benefit from renewable energy projects.

The First Nations Clean Energy Network has developed the Principles anticipating they will aid governments with the design of policy and regulatory frameworks and also assist industry in its efforts to engage and partner with First Nations in the development of renewable energy projects.

## **Comments on the ISP methodology**

### **Optimal Development Path finalisation processes - incorporating community preferences**

Section 5.8 “Step 6: Finalising the draft Optimal Development Path” of the Draft ISP Methodology includes new text concerning application of professional judgement to reflect consumers’ risk preferences for the purposes of determining the Optimal Development Path (ODP).

In the associated consultation paper, AEMO makes it clear that it will use informed judgement to finalise the ODP.

Whilst agreeing that *consumer* preferences are important, the Network also considers that *community* preferences (including First Nations community preferences) should also be incorporated when finalising the ODP, and that this can be achieved through consultation focused on broader community preferences.

The Network welcomes AEMO’s work to establish its Advisory Council on Social Licence and considers that the work to develop metrics (which should then be subject to further consultation) that could reflect community preferences could be developed in consultation with the Advisory Council on Social Licence.

### **An energy system that is truly in the long-term interest of consumers and communities and AEMO’s decision to derate storage devices**

More broadly, the Network supports a whole-of-system plan that incorporates First Nations energy planning being built-in to the IPS’s long term planning process. Often First Nations communities need abundant rooftop solar and battery solutions to meet decarbonisation goals, energy reliability and affordability, and cultural needs. Developing community-led clean energy solutions, including localising generation, production and storage, will reduce costs both to the hip-pocket and the environment (through reduced emissions).

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<sup>1</sup> See [https://www.firstnationscleanenergy.org.au/mr\\_launch\\_guides](https://www.firstnationscleanenergy.org.au/mr_launch_guides) and [https://www.firstnationscleanenergy.org.au/tool\\_kit](https://www.firstnationscleanenergy.org.au/tool_kit).

Localised energy solutions have the potential to drive empowerment for communities who may be otherwise left behind in the transition to a decarbonised electricity system.

Accordingly, the Network disagrees with AEMO's decision to derate storage devices.

This decision is effectively equivalent to preventing a storage device from discharging its full energy capacity by up to 50% (for devices with less than 2 hours of storage. It also would apply these limits to aggregated embedded energy storages (including virtual power plants [VPPs] and electric vehicles to grid).

Many First Nations communities already experience poor energy access and security. Decentralised energy systems accordingly can be a better option for many communities. Communities will need excellent storage capabilities for the energy they generate going forward, particularly for communities in remote areas where health and medical, police and rescue, and other services necessary in everyday living are in short supply.

### **A further round of consultation for strengthening community input**

Given the rapid and dynamic transformation with the energy sector and raft of policy and program proposals across jurisdictions proposed or commencing, the Network recommends that AEMO consider including another engagement forum in the ISP timetable by the end of May to enable community input into the Inputs, Assumptions and Scenarios Report before it is finalised in July.