

# Consumer advocates submission – Draft 2025 IASR Stage 1

## Introduction

AEMO published Stage 1 of the Draft 2025 Inputs Assumptions and Scenarios (IASR) on 11 December 2024<sup>1</sup>. To support consumer and advocate involvement, AEMO held a verbal submission session for consumer advocates on 11 February 2025. This written record, approved by contributors, will be considered alongside other written submissions.

Contributors	Organisation
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Michael Dello-lacovo	Energy Consumers Australia
Leigh Clemow	Energy Users Association of Australia
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David Prins	Etrog Consulting – on AEMO’s <a href="#">CCRG</a>

## 1 Policy

### Etrog Consulting:

- Transparency of inputs is very important. The IASR should better explain in detail how policies are chosen to be incorporated into the ISP. The IASR should show how and why each policy is included and reference more details on relevant government websites. AEMO should also explain which policies it must consider as given, and which may be applied differently between scenarios, and specify which policy inclusions, if any, are open to stakeholder feedback.
- Noting that policies can change over time, particularly but not only following elections, AEMO should be ready with modelling of possible future policies, especially those that have been articulated by parties that may form future governments. Otherwise AEMO risks being caught unawares with obsolete modelling. This modelling of a variety of policies would best be undertaken as part of the Integrated System Plan (ISP), or if AEMO believes it is constrained and not allowed to model policies in the ISP that are not current government policies, the modelling could be in separate modelling undertaken and published alongside the ISP. AEMO needs to prioritise this other modelling. Modelling only one set of policies in every scenario and every sensitivity, including counterfactuals, is inappropriately restrictive, and not fitting for a forward looking market operator and system planner that needs to continue to operate the NEM and plan for the energy transition under a variety of policy futures, as well as being in a position to provide policy makers with independent modelling that can inform policy makers of all parties.
- The IASR should be able to vary policy inclusions between scenarios.
- Table 3 shows the extent to which the ISP being driven by what government policy wants consumers to do, rather than what consumers want to do. From a consumer and community perspective, that is seen to be problematic.
- AEMO can run a parallel scenario or modelling in another form to show forecasts without the application of government policies. From an overall Australian consumer perspective, the ISP is

<sup>1</sup> See the consultation page at: <https://aemo.com.au/consultations/current-and-closed-consultations/2025-iasr>

a priority and should be both integrated, noting where to invest, and inform current and future policy.

- AEMO should communicate what the ISP is and is not, how the energy transition and policy objectives are tracking and how changing policy trajectories impact different ISPs.

#### **Etrog Consulting & Energy Users Association of Australia:**

- Transparency is key to the ISP process. AEMO should communicate what the ISP is and is not, how the energy transition and policy objectives are tracking and how changing policy trajectories impact different ISPs.

#### **Energy Users Association of Australia:**

- The first ISP only needed to meet one policy – net zero by 2050. Now that there are many policies to address, AEMO should propose the most-efficient way of getting to net zero by 2050 without having to consider all other government policies. This would position the ISP above politics and remove the concern that the ISP is influenced by governments. AEMO also needs to distinguish between the purposes of the original and current ISPs.
- Policies should be applied differently for each scenario<sup>2</sup>. The use of three scenarios is intended to cover a central scenario, with upper and lower scenarios to cover uncertainty. Therefore, policy should be applied in the same manner, where a central scenario includes all policies, with one scenario indicating potential policy direction, and the third scenario falling short of stated policy objectives. AEMO should be free to investigate other scenarios outside the ISP process.

#### **Joy Thomas:**

- Modelling of (potential) Coalition govt policies could be a separate document. I would hope that some thought, if not modelling, will be given to Coalition thinking (in terms of what has been released to date – e.g. assumptions and scenarios relating to nuclear in the system) around energy transition.

## **2 Consumer Energy Resources (CER) and Demand side factors**

#### **Energy Consumers Australia:**

- CER uptake in the 2024 ISP *Step Change* scenario seemed too high given current consumer sentiment. Federal policy, including the CER roadmap, through increased protection, and those around Virtual Power Plants (VPP), through incentives, can positively affect uptake.
- Some consumers are not interested in engaging with their electricity decisions. To capture this, AEMO should add granularity to its data to disaggregate consumer groups, rather than taking all residential demand as one entity. Where there is bottom-up data, AEMO should match that with its top-down forecasts.
- Demand side factors are the cheapest energy source for consumers. The ISP can help inform consumers by discussing its costs and benefits, without adding it to the modelling.

#### **Erne Energy:**

- AEMO needs to understand the cost of consumer investment in CER and should make it clear, even if the costs are not included in ISP calculations, to facilitate consumer investment.

#### **Joy Thomas:**

- More granular detail should be shared on the capacity of electric vehicles to provide storage locally and to the grid.

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<sup>2</sup> See proposed rule change on making the ISP robust to policy change and clear on costs - <https://www.aemc.gov.au/sites/default/files/2024-11/New%20rule%20change%20proposal%20-%20Centre%20for%20Independent%20Studies%20-%2020241031.pdf>

### 3 Scenarios and sensitivities

#### Energy Consumers Australia:

- It's good that the scenarios are consistent between ISPs, but they should be able to change as the energy industry evolves.
- More clarity is needed in the ISP on how the scenario likelihood percentages are determined and applied.
- If appropriate, AEMO should run some sensitivities scenarios on several variables at once, even though some variables could be correlated, to better understand real-world implications.
- Some key uncertainties we would like to explore with sensitivity: higher and lower EV, V2G, and flexible charging uptake, higher and lower VPP participation, degree of electrification, level of energy efficiency measure implementation, degree of demand flexibility and management/load shifting, proportion of population living in apartments, and other socioeconomic shifts that we would expect to have material impacts on consumer outcomes.

### 4 Green Energy Scenario

#### Energy Consumers Australia:

- Green Energy *Industry* would be more appropriate because it does not involve hydrogen export and is more likely to occur because hydrogen storage capacity is limited.

#### Erne Energy:

- The Green Energy *Industry* scenario is more realistic given current global conditions and difficulties with exporting hydrogen. It also supports 'Future Made in Australia' policies and local manufacturing.

### 5 Climate

#### Erne Energy:

- The projections used in the Electricity Sector Climate Information (ESCI) project<sup>3</sup> have been updated to reflect a drier and hotter climate. These updates should be included in the IASR.
- The IASR should better explain how it uses Representative Concentration Pathways (RCP) in perusing efforts to reduce temperature increase.

#### Joy Thomas:

- In terms of delays to projects against the backdrop of community acceptance on page 131/132, I am broadly satisfied with this reference, however, perhaps a reference to delays due to environmental / biodiversity concerns regarding a particular optimal route. This may not only be community concerns, but may relate to state govt legislation etc.

### 6 Communication

#### Etrog Consulting:

- The IASR stage of the ISP is the most important for stakeholder engagement as it can influence inputs and the basis for the ISP's model.

#### Energy Users Association of Australia & Etrog Consulting:

- AEMO should clearly communicate which areas of consultation material are to *inform* and *consult*, so stakeholders know where feedback can be most influential.

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<sup>3</sup> See <https://www.climatechangeinaustralia.gov.au/en/projects/esci/>

**Erne Energy:**

- There appears to be no difference in the treatment on Committed and Committed\* in the modelling and project assessment criteria. If there is a genuine difference, AEMO needs to provide more clarity in the IASR on the benefits of identifying the two types of projects separately.
- This IASR seems to be the first time the IASR has included references to Western Australia (WA). Figures 6-11 need to be reworked to show NEM-related data only. If AEMO persists in including the WEM in the 2025 IASR, then the data for the WEM should be plotted as separate figures. This will allow stakeholders in either market to clearly identify CER projections that are relevant to their market. CER is a major factor for consideration in both future systems, so it is important that this information is articulated separately for each system.

## 7 Other

**Energy Users Association of Australia:**

- The ISP process should include a feedback loop for costs and timing of already committed projects and note issues and lessons learned in implementation so feedback can be incorporated in future proposals. The ISP should also note if the 2050 target is still feasible and outline where change is needed.

**Energy Consumers Australia:**

- It would be good to monitor data centres over time to project energy use.
- ECA supports the move to more sub regions in this IASR.

**Etrog Consulting:**

- AEMO is proposing to use a technology-specific cost of capital for each technology in the 2026 ISP. However, for each technology it is proposing to use the same cost of capital and discount rate across all scenarios, based on central values, and disregarding upper and lower bounds. AEMO should instead consider varying the costs of capital and discount rates across scenarios, utilising the range of values provided, rather than setting the central rate for each technology in every scenario.

**Erne Energy:**

- The impact of domestic electrification on the demand shape should be investigated. Once the ISP review recommendations come through, hopefully that holistic treatment would examine how gas demand might impact electricity demand and the ensuing implications on policy.

**Joy Thomas:**

- Page 76 refers to price decreases. While I understand what is intended with this statement, that prices trending downwards and rising due to different factors, it does sound contradictory on first reading, so perhaps this should be expressed differently.
- The IASR should include greater explanation and interrogation around the closure of coal facilities vis a vis storage and firming capability and grid stability. Are the current storage projects (including the technology around battery capability) going to be sufficient to provide grid stability and reliability? The IASR should discuss potential reliability gaps as a result of the closure of coal generation just as it discusses jurisdictional storage projects.