PRESS RELEASE

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DRAFT 2022 ISP – AEMO ATTEMPTS TO NAVIGATE ENERGY TRANSITION PATHWAY UNCERTAINTY

The peak body representing Australia’s commercial and industrial energy users, the Energy Users' Association of Australia (EUAA), welcomes the release of the Draft 2022 Integrated System Plan (ISP) and recognises the challenges identified in the plan of achieving a least cost pathway to net zero. The EUAA support the transition to net zero but we must seek to achieve it at least cost to consumers, a sentiment shared by AEMO.

“AEMO are to be congratulated for their work on developing this latest iteration of the ISP at a time when energy markets, technology and policy is in a constant state of change,” said EUAA Chief Executive Officer, Andrew Richards.

“This change is creating significant uncertainty around the costs and benefits of major network upgrades that the ISP has identified. We are now seeing social licence issues starting to dominate not just the capital costs, but also the timeline to get stakeholder approval for a project. Given all of this, consumers need to be confident that the end result is not too much investment, too soon.”

“We are pleased to see AEMO taking a clear eyed view of the challenges ahead. There is a large level of uncertainty and we need to ensure that any decision to make on large ISP investments will indeed be a ‘no regrets’ decision.  It will require greater collaboration between industry, governments and regulators than we have ever seen before if we are to navigate a least cost pathway to net zero.”

The EUAA are seeking an important rule change with the Australian Energy Market Commission (AEMC) that will improve the reliability of capital cost estimates that are assessed by regulators.  This will give consumers greater confidence that the investment does meet the National Electricity Objective of the long-term interests of consumers.

"The rising costs and marginal net benefits of a number of the actionable projects emphasise the need for detailed discussion on the Draft Plan. Governments are saying these projects need to be built so it is pleasing to see AEMO’s discussion of the role of Governments to consider co-contribution in ISP projects such as Humelink," added Mr Richards.

“Consumers should not be asked to pay for assets that do not have net benefits. Consumers, who have traditionally paid for these assets, are rightfully concerned and are seeking alternative ways for asset cost recovery and risk sharing, including by governments and connecting generators.”

In developing the Draft Plan AEMO has shown a real desire to increase collaboration with consumers. We look forward to this continuing as we engage with AEMO and other stakeholders to review the Draft Plan and bring the voice of the consumer into the discussion to ensure the National Electricity Objective is achieved.

Combined, EUAA members employ over 1 million Australians, pay billions in energy bills every year and are desperate to see a national energy and climate change plan that puts downward pressure on electricity and gas costs.

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