

## THE AEMO 2022 ISP HIGHLIGHTS THE SCALE, RISK AND OPPORTUNITY OF THE ENERGY TRANSITION

Australia's leading advocate for large commercial and industrial energy users, the Energy Users' Association of Australia (EUAA), has welcomed the release of the 2022 Integrated System Plan (ISP) and congratulates the Australian Energy Market Operator (AEMO) and the many stakeholders who contributed to making this the most comprehensive ISP to date.

In a time of great upheaval in energy markets, the 2022 ISP has highlighted the enormous scale and rate of change that is required to achieve net zero targets. While it identifies opportunities and benefits that will emerge over time, the 2022 ISP also clearly articulates the risks that consumers are being asked to take as we embark on the biggest energy infrastructure build in the nation's history.

"The EUAA congratulates the AEMO for producing the 2022 ISP which is a high quality report that lays out a roadmap for the network required to facilitate the accelerating energy transition," said EUAA CEO Andrew Richards

"It is no cheap or simple task building the network infrastructure the ISP recommends over the next 20 years. A larger, well-coordinated network is essential but that doesn't mean we take our eye off the ball on cost, community or customer impacts. There is no efficient transition without efficient transmission."

While the ISP identifies a number of positive outcomes if we get it right, it also highlights the many challenges such as supply chain (physical and human resources) and social licence which will drive the timetable and cost of transmission. There are significant risks of large cost increases over the capex estimates used in the ISP, which are early estimates that could increase by as much as 50% by the time the final decision to build ISP transmission projects is being considered by the Australian Energy Regulator.

"As we have already observed on projects such as Energy Connect and Humelink, the costs of building big infrastructure projects like transmission are going up significantly meaning we must continue to be vigilant so that the costs and risks consumers are being asked to absorb into their energy bill are fair, reasonable and efficient."

The EUAA support comments made by AEMO CEO, Daniel Westerman, in the Preface of the ISP where he says:

*"Commonwealth Government's Rewiring the Nation policy will support the ISP roadmap's timely and effective delivery."*

"We are relieved that AEMO have recognised that consumers need a level of protection from the risks and costs associated with such an ambitious plan and that the Commonwealth's \$20 Billion Rewiring The Nation initiative could play a very positive role by reducing the burden placed on consumers. It shows they are listening to the consumer, which is positive."

A coordinated, least cost approach to the transition is essential if we are to avoid a situation where consumers and communities feel like they are collateral damage. Greater emphasis on the long-term interests of consumers and the communities that will host the energy system of the future is vital.

The level of stakeholder engagement on the 2022 ISP represented a big step forward by AEMO. While there is much more to be done, AEMO should be congratulated on a more open, transparent and comprehensive ISP.

“The EUAA support the role of the ISP Consumer Panel as evidence of increased consumer engagement in 2022 ISP and we look forward to participating in further improved consumer engagement for the 2024 ISP.”

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The EUAA is the peak body representing Australian industrial and commercial energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing and materials processing industries. Combined our members employ over one million Australians, pay annual energy bills in the many billions of dollars and support the development of a lasting national energy and climate change plan that puts downward pressure on electricity and gas costs.

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