



Thursday, 7 November 2024

Ms Anna Collyer  
Chair  
Australian Energy Market Commission  
Level 15, 60 Castlereagh Street  
Sydney NSW 2000

Dear Ms Collyer,

The Clean Energy Council (CEC) is the peak body for the clean energy industry in Australia, representing nearly 1,000 of the leading businesses operating in renewable energy, energy storage, and renewable hydrogen. The CEC is committed to accelerating the decarbonisation of Australia's energy system as rapidly as possible while maintaining a secure and reliable supply of electricity for customers.

The CEC welcomes the opportunity to comment on the AEMC's draft rule determination in respect of the concurrent rule changes on Better integrating gas into the ISP (Electricity and Gas), Improving consideration of demand-side factors in the ISP, and Better integrating community sentiment into the ISP.

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## OVERALL POSITION

The CEC supports the AEMC's proposed changes to the NER to include new definitions that:

- Cover gas development projections as an input, assumption or scenario in the development of an ISP with reference to the defined terms under the NGL; and
- Expand the types of gas industry information publications that AEMO must have regard to in development and preparation of the ISP.

The CEC understands the AEMC's draft position that the NER is sufficiently flexible to enable AEMO to consider a wide range of inputs to the ISP process, including community sentiment under existing joint planning provisions with TNSPs; however, this should be monitored to assure its inclusion in the development and preparation of the ISP.

Enabling and obligating AEMO to update its ISP methodology and analysis to more fully undertake and incorporate gas market analysis, including the cost of gas infrastructure

investments, would support meeting the National Energy Objectives (NEO) in several ways compared to the current ISP approach.

These include, for example:

- Providing more certainty to AEMO in how it should consider gas demand projections and prices more holistically would enable the ISP to better inform future GPG investment decisions, so they are more efficient;
- Enabling more accurate inputs into modelled scenarios, leading to more reliable assessment of costs and benefits for candidate development pathways; and
- Clearer understanding of how candidate development pathways may contribute to greenhouse gas emissions reductions.

The CEC also considers that enabling and requiring AEMO to incorporate consideration of community sentiment in a clear and consistent manner will meet the NEO. The potential impacts of community sentiment on projects can and does affect direct and indirect costs. Principles of good planning require these be considered in the cost-benefit analysis within the ISP. Doing so will support the NEO, particularly regarding promoting efficient investment as project delays result in monetary, system security, and emissions costs.

The remainder of this submission provides more detailed responses regarding the AEMC's draft rule determination, and associated draft rule regarding how AEMO should incorporate these analyses and consideration into the ISP.

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## **BETTER INTEGRATING GAS INTO THE ISP**

The CEC supports amending the NER as described in the AEMC's draft rule and agrees with the rationale set out in the draft rule determination. The CEC considers the proposed additional definitions to be included in the NER would close a critical gap between the information provided to AEMO under the NGR, and that which AEMO may use under the NER to inform the development and preparation of the ISP.

The codification of "gas development projections" under the NER, as an input, assumption or scenario in the development of an ISP with respect to projections of developments in a covered gas industry over the relevant projection inclusive of the:

- demand for and available supplies of one or more covered gases;
- prices for one or more covered gases; and
- capacity and utilisation of covered gas industry facilities;

would better direct AEMO to consider gas market developments over the projected period of the ISP.

Furthermore, expanding the gas industry publications that AEMO may have regard to in its preparation of the ISP to include the Gas Bulletin Board (as at the date falling 12 months prior to the relevant ISP), and any planning reviews under the declared wholesale gas market rules, in addition to, the gas statement of opportunities will allow for a more complete picture of expected gas industry developments and investments to be included in the relevant ISP.

Some CEC members; however, sought clarification from the AEMC as to whether the rule as drafted would ensure that the forecast requirement for gas storage assets in the system are included in AEMO's analysis, in addition to, the proposed assessment of gas developments.

Given that the CEC considers that overall gas market outcomes, as well as availability of gas supply and transmission infrastructure, will increasingly affect electricity markets, the inclusion of this information under the NER is expected to better forecast the forward-looking role covered gases are expected to play in power generation for the NEM. That is, the inclusion of this information would promote the NEO through the efficient investment in GPG facilities with respect to the reliability, safety and security of the national electricity system, and contribute to reducing Australia's greenhouse gas emissions in the long-term interests of consumers of electricity.

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## BETTER INTEGRATING COMMUNITY SENTIMENT INTO THE ISP

The CEC supports in principle the AEMC's draft rule determination that the NER is sufficiently flexible to enable AEMO to consider community sentiment in the ISP. For example, NER clause 5.22.10(a)(5) states that AEMO must consider "good electricity industry practice" and "such other matters as AEMO considers relevant" in preparing the ISP, which could include consideration of community sentiment.

Furthermore, TNSPs already provide certain information to AEMO through joint planning arrangements under NER clause 5.14.4. The CEC notes a sole exception appears to be when a TNSP has a claim of confidentiality with respect to the information; however, the CEC remains unsure whether this has happened in practice. Given AEMO and TNSPs already engage in information sharing, and in view of concerns regarding inconsistency stemming from the rules not expressly requiring this practice, the CEC supports the AEMC's draft determination to require the AER and AEMO to review their guidelines and subordinate instruments to determine if there are any barriers to community sentiment being considered in the ISP.

In relation to the AEMC recommended guidelines to be reviewed, the CEC considers that section 3 of the AER's Forecasting best practice guidelines could potentially be expanded to include consideration of community sentiment. Specifically, the following section could be amended to include provision for community sentiment to be included in the joint-planning process, and as such part of the IASR informing the ISP:<sup>1</sup>

**"Transparently disclose all key inputs.** While the optimal development path is an output of the ISP, specific network investment options are also modelling inputs that are developed out of the joint-planning process between AEMO and transmission network service providers. As such, this information should be publicly available, preferably in the IASR. Including this information in the IASR would allow AEMO to consider whether reasonable network and non-network options proposed by stakeholders could form part of the optimal development path before it publishes the draft ISP" [emphasis added].

Similarly, section 4.5 of the AER's Cost benefit analysis guidelines in relation to the RIT-T consultation process for actionable ISP projects could also potentially be expanded to specifically include consideration of community sentiment. The AER notes that as part of the RIT-T process, TNSPs "should make efforts to understand broader consumer views, recognising that the

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<sup>1</sup> [Forecasting Best Practice Guidelines | Australian Energy Regulator \(AER\), p.12](#)

consumers who do not actively participate in consultation with TNSPs can be those most affected by investment decisions”.<sup>2</sup>

In summary, the CEC does not consider there are any barriers to community sentiment being more explicitly reflected within the AER’s forecasting best practice and cost benefit analysis guidelines and subsequently in AEMO’s ISP methodology, provided it results in efficient investment in electricity and/or gas infrastructure in the long-term interests of consumers in accordance with the NEO. The CEC also considers any changes to the AER or AEMO guidelines should be monitored to ensure the desired outcomes are being achieved with respect to the resultant candidate development pathways under the ISP.

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As always, the CEC will work with the AEMC throughout the development of this change to support achieving the National Energy Objectives and accelerating Australia’s transition to net zero. The CEC appreciates the opportunity to provide input on this important rule change and looks forward to further engagement in the next steps.

Further queries can be directed to James Eastcott on [jeastcott@cleanenergycouncil.org.au](mailto:jeastcott@cleanenergycouncil.org.au).

Kind regards,

Christiaan Zuur  
Director, Market, Grid and Investment

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<sup>2</sup> [Cost Benefit Analysis Guidelines | Australian Energy Regulator \(AER\), pp.71-73](#)