Department of Climate Change, Energy, the Environment and Water

Submitted via email: Kirsty.Rolls@dcceew.gov.au

1 December 2023

Submission to ISP Review - Directions Paper

Dear Ms Rolls,

The Australian Energy Council welcomes the opportunity to make a submission to the ISP Review - Directions Paper (Directions paper).

The Australian Energy Council (AEC) is the peak industry body for electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. AEC members generate and sell energy to over 10 million homes and businesses and are major investors in renewable energy generation. The AEC supports reaching net-zero by 2050 as well as a 55 per cent emissions reduction target by 2035 and is committed to delivering the energy transition for the benefit of consumers.

The AEC is supportive of including the gas market into the ISP; however, this is contingent on the design details, information included and the methodology. One useful inclusion would be a gas infrastructure development pathway for information only. This may assist with maintaining adequate infrastructure to support gas powered generation which will be critical for the transition as more coal plant retires.

Distribution network service providers (DNSPs) are effectively very large connections to the transmission network that are generally drawing from the grid and at times exporting. The AEC does not see value in the ISP trying to incorporate DNSPs into the ISP. Our key concern is that this will add an enormous amount of complexity for negligible benefit. The additional complexity would also to reduce the utility of the ISP.

To improve usefulness of the ISP, we believe the early forecasts should seek to reflect reality or at least have a scenario that does this. A good example of the is approach is the Rystad report provided to the ACCC as part of the proposed takeover.[1]

Figure 1 illustrates the inaccuracy of early year forecasts under the step change scenario. Gas and liquids are forecast to generate around 2,000 GWh or less of as generated output. This financial year as at 1 November, gas and liquid as generated was 2,858 GWh and for FY 2023 it was 11,034 GWh. These inaccurate early year forecasts undermine both the integrity and usefulness of the ISP.

[1] https://www.accc.gov.au/system/files/public-registers/documents/Expert%20report%20of%20RystadEnergy%20%20-%2028.07.23%20-%20PR%20VERSION%20-%20MA1000024%20Brookfield%20Origin.pdf

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Figure 1: 2022 Final ISP results workbook - Step Change - Update Inputs, as generated generated

As-generated generation (GWh)	2023-24	2024-25	2025-26	2026-27	2
Black Coal	91,665	80,777	74,228	71,496	
Brown Coal	34,887	30,453	27,658	22,945	
Mid-merit Gas	1,943	1,618	1,290	1,704	
Mid-merit Gas with CCS	0	0	0	0	
Peaking Gas+Liquids	104	116	83	105	
Hydrogen Turbine	0	0	0	0	
Hydro	12,678	13,282	13,136	14,798	
Utility-scale Storage	1,159	1,753	3,594	4,507	
Coordinated DER Storage	241	576	858	1,328	
Distributed Storage	400	681	954	1,200	
Solar Thermal	0	0	0	0	
Offshore Wind	0	0	0	0	
Wind	34,143	48,541	57,037	63,253	
Utility-scale Solar	16,875	16,285	18,288	19,200	
Distributed PV	25,899	29,134	32,463	35,776	
Storage Charging (GWh)					
Utility-scale Storage Load	-2,043	-3,208	-5,344	-6,923	
Coordinated DER Storage Load	-284	-678	-1,008	-1,563	
Distributed Storage Load	-469	-800	-1,124	-1,410	

Source: 2022 Final ISP results workbook - Step Change - Update Inputs

Any questions about our submission should be addressed to Peter Brook, by email to peter.brook@energycouncil.com.au or by telephone on (03) 9205 3103.

Yours sincerely,

Peter Brook

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