AUSTRALIAN ENERGY COUNCIL

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Submitted electronically: ISP@aemo.com.au

Consultation – Draft 2025 Electricity Network Options Report

The Australian Energy Council ('AEC') welcomes the opportunity to comment on AEMO Draft 2025 Electricity Network Options Report.

The 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 percent emissions reduction target by 2035 and is committed to delivering the energy transition for the benefit of consumers.

The AEC recognises the increased focus on network development required to support Australia's future energy system. To support the Integrated System Plan (ISP) as a roadmap for the NEM power system's transition, we have several suggestions aimed at improving the accuracy and transparency of cost assumptions and project assessments presented in the Draft Report.

Transmission Network Augmentation Costs

The AEC acknowledges the moderate cost increases proposed compared to the 2024 ISP assumptions, but we are concerned these remain significantly below the publicly announced increases across key transmission projects. For example, Project Energy Connect's original ISP cost was under $1 billion, yet AER approval saw the NSW component rise to $1.8 billion. [1] TransGrid has also recently announced it is expected to reach approximately $3.6 billion. [2] Similar cost escalations have been noted for each of Marinus Link, HumeLink, and CopperString.

It is unclear whether the updated transmission cost database values would yield project costs reflective of these recent figures. We recommend that further work be undertaken to verify the cost estimates used, including the conduct of a cross-check calculation independent of AEMO, its consultants, or NEM TNSPs. Public confidence in the quantum of future regulated costs is important.

Cost Transparency for Anticipated, Committed, and Actionable Projects

As real cost data becomes available, AEMO should update its database on an ongoing basis, and ensure sufficient transparency is maintained. This should be the case for all projects, whether they are at an early stage of planning or further progressed. We believe this will help with improving public confidence in the quantum of future regulated upgrades.

Full Costing of Network Projects

It is critical in our view that the ISP further consider the full set of augmentations needed to deliver energy to end-use consumers. Projects like HumeLink and the Southern Sydney 500 kV ring are entirely

[1] https://www.aer.gov.au/news/articles/news-releases/aer-approves-costs-project-energyconnect
[2] https://www.transgrid.com.au/media-publications/news-articles/energyconnect-update/

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interdependent, neither can deliver benefit to consumers without the other, and therefore should have been assessed together, not separately, to avoid misleading conclusions in the cost-benefit analysis.

For example, Project 3.5 terminates in southwest Queensland without detailing the additional infrastructure required to reach Greater Brisbane. Similarly, Project 3.11 terminates at Sydenham in Victoria without clarifying how energy will then reach Greater Melbourne. These should be treated as full-path projects in the ISP and not split into stages where the next stage is included in a future ISP.

We also recommend that where new capacity (forward or reverse) is discussed, the report should clearly identify the determining party (AEMO, EnergyCo, Vicgrid or the relevant TNSP) and the limiting factor (thermal, stability, voltage collapse, etc.).

Distribution Network Costs and Data Transparency

We acknowledge the potential value in using distribution transformer ratings to estimate hosting capacity for consumer energy resources (CER). However, greater clarity is needed regarding which transformers are referenced (e.g., zone substation vs. downstream assets).

Additionally, AEMO has asked for feedback on the reasonableness of distribution augmentation cost estimates, yet there is little transparency or historical data provided to assess accuracy. We recommend AEMO work with the AER to examine historical cost outcomes and establish a verified, transparent methodology for estimating these costs to avoid underestimations similar to those seen in transmission projects.

The AEC remains committed to the development of a reliable, cost-effective energy system and welcomes further dialogue on these issues. Any questions regarding this submission should be directed to the undersigned at david.feeney@energycouncil.com.au

Yours sincerely,

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