



16 February 2024

Australian Energy Market Operator

Submitted via email: [ISP@AEMO.com.au](mailto:ISP@AEMO.com.au)

### **Submission to Draft 2024 Integrated System Plan (ISP)**

Alinta Energy welcomes the opportunity to make a submission on the draft 2024 ISP.

#### **Key points:**

- **While the draft ISP sets out a pathway to net zero, system planners and Governments must recognise the significant challenges in achieving this. The ISP has a role to play in highlighting where policy makers need to focus their attentions by contrasting the optimal development path with scenarios based on likely outcomes without further policy changes.**
- **A blended energy mix is needed to achieve a sustainable, reliable, and affordable power system.**
- **It is key that to meet the long-term interests of consumers and support the energy transition appropriate policies/instruments are in place that ensure critical reliable dispatchable generation is valued appropriately.**

As a significant energy investor in Australia, Alinta Energy strongly supports an orderly transition to a renewable energy future. While we endorse the draft ISP's emphasis on the urgency of investing in generation, firming, and transmission, we consider it crucial to acknowledge and confront the practical challenges that come with Australia's energy transition.

Considering the impact of community concerns, supply chain strains and disruptions, workforce issues, and inflationary pressures since the 2022 ISP, along with the increasing prevalence of extreme weather events and renewables droughts, we stress that a blended energy portfolio, which includes reliable dispatchable generation, is essential in the medium to longer term.

AEMO describes the ISP as a "roadmap for the energy transition in the NEM ... in line with government policies to reach a net zero economy by 2050" and that the plan "outlines the lowest-cost pathway of essential generation, storage and transmission infrastructure to meet consumers' energy needs for secure, reliable and affordable energy, and to achieve net zero emissions targets". While the ISP is consistent with this mission statement, the presentation of the relative likelihoods of future scenarios that all assume that relevant government targets will be met is often misinterpreted

by laypersons. The ISP should more clearly countenance other possible and probable outcomes that could occur without further policy changes. We would also welcome the layering of some further depth on the analysis and commentary regarding risk management. Although AEMO incorporates some level of risk modeling, there is a need for a more comprehensive treatment of the weighting of probabilities and compounding impacts associated with the identified risks. Given the significant risks on system security and reliability highlighted by AEMO itself, we recommend a detailed analysis in the final 2024 ISP based on the adoption of a "Risk Averse" position and that the modelling address these compounding effects.

For example, the ISP notes that 13GW of additional gas generation is required to firm renewables on the Optimal Development Pathway. This provides an interesting comparison with the 2023 Gas Statement of Opportunities that identifies peak-day gas shortfalls to 2026 and annual supply gaps from 2027. Alinta Energy also notes a general lack of policy support for the development of gas generation for renewable firming and it is unclear how such investment could be made based on current market settings. These challenges provide further support for ensuring critical reliable dispatchable generation is valued appropriately.

Although the ISP cannot comprehensively address every potential issue leading to a deviation from the Optimal Development Path, Alinta Energy encourages further consideration of the practical realities facing the energy transition. We welcome the opportunity to work with AEMO to ensure that, as it finalises the 2024 ISP, these challenges are addressed.

Please feel free to contact me directly on 0402 060 800 to discuss, or you can contact Jacinda Papps, General Manager - Regulatory Affairs & Compliance on 0417 065 955 or [jacinda.papps@alintaenergy.com.au](mailto:jacinda.papps@alintaenergy.com.au) to set up a convenient time to meet.

Yours sincerely,



**Daniel McClelland**  
Executive Director, Corporate Services  
Alinta Energy