

2026 ISP Consultation Summary Report

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National Electricity Market





We acknowledge the Traditional Custodians of the land, seas and waters across Australia. We honour the wisdom of Aboriginal and Torres Strait Islander Elders past and present and embrace future generations.

We acknowledge that, wherever we work, we do so on Aboriginal and Torres Strait Islander lands. We pay respect to the world's oldest continuing culture and First Nations peoples' deep and continuing connection to Country; and hope that our work can benefit both people and Country.

'Journey of unity: AEMO's Reconciliation Path' by Lani Balzan

AEMO is proud to have launched its Innovate [Reconciliation Action Plan](#) in June 2026. 'Journey of unity: AEMO's Reconciliation Path' was created by Wiradjuri artist Lani Balzan to visually narrate our ongoing journey towards reconciliation – a collaborative endeavour that honours First Nations cultures, fosters mutual understanding, and paves the way for a brighter, more inclusive future.

Important notice

Purpose

AEMO has prepared this document to provide information about the Draft 2026 Integrated System Plan (ISP) consultation pursuant to National Electricity Rules (NER) 5.22.14(c). This publication is generally based on information available to AEMO as at 20 April 2026 unless otherwise indicated.

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Version control

Version	Release date	Changes
1.0	25/06/2026	Initial release

Executive summary

AEMO's *Integrated System Plan* (ISP) is a roadmap for the National Electricity Market's (NEM's) transition and outlines an 'optimal development path' (ODP) for generation, storage and network investments to meet both consumer needs and government policies, at least cost, to 2050. The 2026 ISP reaffirms that renewable energy, connected by transmission and distribution, firmed with storage and backed up by gas, presents the least-cost way to supply secure and reliable electricity to consumers through to 2050, as coal plants retire and while meeting government policies.

AEMO appreciates the considerable time stakeholders have devoted over the past two years to engage with ISP planning processes, including consultation on the Draft 2026 ISP. This document outlines how AEMO has taken stakeholder feedback on the Draft 2026 ISP into account in developing the final 2026 ISP.

- **Section 1** provides an overview of the consultation approach taken for the Draft 2026 ISP.
- **Section 2** lists the stakeholders who made a submission to the Draft 2026 ISP and includes a summary of key themes.
- **Section 3** lists key changes between the draft and final 2026 ISP in response to stakeholder feedback.
- **Section 4** lists recommendations from the 2026 ISP Consumer Panel and AEMO's response.
- **Section 5** provides detailed feedback from stakeholders and AEMO's response on material issues for the Draft 2026 ISP.
- **Section 6** outlines feedback to the *Addendum to the 2025 Inputs, Assumptions and Scenarios Report* and the *Addendum to the Draft 2026 Integrated System Plan*.
- **Section 7** summarises considerations for the 2028 ISP or beyond.

AEMO thanks stakeholders for their submissions

AEMO carried out engagement to inform the development of the 2026 ISP from July 2024 to May 2026, with multiple opportunities for stakeholder input¹. AEMO heard from stakeholder cohorts including industry, consumer and community advocates, academics, governments, consultants and individuals. AEMO considered 74 submissions to the Draft 2026 ISP, as well as two submissions to the *Addendum to the Draft 2026 Integrated System Plan*. **Table 1** lists the key themes of feedback by frequency of stakeholder mentions and the main cohorts that provided comments.

Table 1 Summary of key themes

Theme	Frequency*	Main cohort
Transmission network development: Commentary focused on specific projects and their inclusion (or otherwise) in the ODP.	32 stakeholders	Industry
Generation and storage projects: Commentary included requests to revisit the value of long-duration energy storage in both modelling and in the ISP narrative, and to ensure alignment between developer interest and the generation mix as reflected in the ISP.	25 stakeholders	Industry
Consumer energy resources (CER): Support for aligning inputs and assumptions with recent policy developments, electric vehicle usage and trends, and trends in virtual power plant (VPP) participation.	21 stakeholders	Industry, Consumer and community advocates, Consultants and individuals

¹ See Appendix A1 Stakeholder Engagement, at <https://www.aemo.com.au/energy-systems/major-publications/integrated-system-plan-isp/2026-integrated-system-plan-isp>.

Theme	Frequency*	Main cohort
Modelling framework: Requests for changes to the modelling framework, including requests to optimise further elements of the power system and to change the treatment of policy in the ISP.	21 stakeholders	Industry, Consumer and community advocates, Consultants and individuals
Project deliverability: Concerns in relation to deliverability and requests for additional accountability mechanisms or expanded sensitivity analysis in the ISP to promote timely delivery of projects.	19 stakeholders	Industry
Cost-benefit analysis framework: Requests for changes to the cost-benefit analysis framework, and for clarity on specific elements of the cost-benefit analysis.	19 stakeholders	Consultants and individuals
Distribution networks and distribution-level opportunities: Requests for greater transparency about identified opportunities, increased granularity and consistency across data sets, and further integration of distribution-level opportunities into the ISP.	19 stakeholders	Industry, Consumer and community advocates
System security and operability: Requests for sensitivity analysis to ensure that the ODP remains robust under stressed conditions and calls for coordinated action to progress projects that support system needs.	19 stakeholders	Industry, Consultants and individuals
Demand outlook: Requests for more explanation of demand forecasts, particularly data centre-related demand forecasts and the methodology and approach used to derive these forecasts.	19 stakeholders	Industry
Gas role, supply, and infrastructure: Mixed views on the future of gas supply and infrastructure development, and concerns about potential future gaps that may arise in gas markets.	14 stakeholders	Industry
Social licence and engagement: Support for continued emphasis on the importance of social licence and engagement, including requests for the ISP to explain the impacts of poor social licence on project and system outcomes.	14 stakeholders	Consumer and community advocates
Coal-fired generators – pathway and role: Mixed views, including requests for greater recognition of potential coal-fired generator life extensions as well as concerns in relation to the impacts of this on consumer outcomes. Concerns that the ISP overstated likely coal flexibility in some regions and should better align with available operational evidence.	12 stakeholders	Industry, Consultants and individuals
Communication and framing of the ISP: Requests for communication refinements of the ISP to ensure its findings and outputs are communicated clearly to stakeholders.	9 stakeholders	Consumer and community advocates, Industry

*Frequency of stakeholder mentions is approximate and does not include confidential submissions. Not all stakeholders who commented on a topic will be mentioned in the body of the report.

Stakeholder feedback has been incorporated in inputs and modelling for the 2026 ISP

In response to stakeholder feedback on the Draft 2026 ISP, AEMO made the following key changes to the 2026 ISP:

- **Project pipeline** – prioritised existing connections pipeline of generation and storage developments to 2030, reducing reliance on generic new entrants.
- **REZ network limits** – refined REZ constraints and transfer limits to better reflect access and network capability.
- **Access rights** – applied explicit and technology-specific access rights to better align with real-world generation development.
- **Gas fuel prices and storage costs** – updated fuel and technology cost inputs to reflect more recent market data.
- **Stationary consumer battery uptake** – increased CER battery uptake assumptions to reflect the greater observed impact of the Cheaper Home Batteries Program, with resulting updated demand profiles.
- **Vehicle-to-grid (V2G) availability** – reduced V2G availability to reflect more realistic participation and usage patterns.
- **Higher energy efficiency sensitivity** – introduced a higher energy efficiency sensitivity, complementing a lower energy efficiency sensitivity, to explore demand-side uncertainty.

- **Variable renewable energy (VRE) drought** – extended analysis to include prolonged renewable lulls and strategic reserve options.
- **Hydrogen electrolyser demand** – improved treatment of hydrogen demand and storage flexibility in modelling.
- **System security** – aligned system security assessment with final development path and added transparency on reforms.
- **Social licence transparency** – expanded explanation of how social licence informs planning and assumptions.
- **Social licence for consumer energy resources (CER)** – introduced a third aspect of social licence relating to CER adoption and coordination in Appendix A8 Social Licence.
- **Gas infrastructure options** – refined gas infrastructure representations using updated proponent input.
- **Gas development projections** – relaxed timing constraints to better reflect realistic gas development pathways.
- **Gas modelling improvements** – incorporated enhancements to better represent market dynamics and operations.
- **Terminology** – updated terminology to improve clarity and avoid conflating community-owned assets with community-scale but network-owned assets.
- **Coal flexibility** – revised coal operating assumptions to better reflect observed plant flexibility.
- **Government policy** – the South Australian Government’s target of net 100% renewable energy by 2027 has been applied in perpetuity rather than as a ‘point in time’ target.

Where feedback did not result in changes, AEMO has considered the issues raised and set out the basis for its assessment in this report.



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1 ISP consultation overview

AEMO develops the ISP every two years, through an inclusive engagement process with industry, consumer and community representatives, governments, energy market authorities, investors and developers, network planners, industry bodies, consultants and academics. Consultation with stakeholders is critical to AEMO's role as the National Transmission Planner for the NEM, as it helps improve the plans that support investment decisions required to transition the energy system, and serve consumers' long-term interests.

Section 1.1 below sets out the consultation undertaken on the Draft 2026 ISP. A full overview of the ISP process is shown in section 1.2. More detail on stakeholder engagement for the ISP development process, including on the 2025 *Inputs, Assumptions and Scenarios Report* (IASR) and 2025 *ISP Methodology*, can be found in Appendix A1 of the 2026 ISP.

1.1 Consultation on the Draft 2026 ISP and Addendum

1.1.1 Draft 2026 ISP Consultation

In December 2025, AEMO published the Draft 2026 ISP² and initiated a consultation process that concluded in February 2026. During this consultation period, AEMO welcomed feedback on both the Draft 2026 ISP and the *Addendum to the 2025 Inputs, Assumptions and Scenarios Report*³. This included a call for non-network options to meet the identified need for the Switching Station Near Wondalga project identified in the Draft 2026 ISP⁴.

AEMO held a webinar on 16 December 2025 and a consumer advocates verbal submission session on 13 February 2026. AEMO also engaged in ongoing joint planning meetings with networks and jurisdictional planning bodies and met with the ISP Consumer Panel twice per month during the ISP development cycle.

1.1.2 Addendum to the Draft 2026 ISP Consultation

In January 2026, the Australian Energy Regulator (AER) published its Transparency Review of AEMO's Draft 2026 ISP⁵ pursuant to the National Electricity Rules (NER)⁶. In March 2026, AEMO published further explanatory material in the *Addendum to the Draft 2026 Integrated System Plan*⁷ to address the matters raised in the AER's Transparency Review, including information on how AEMO derived key inputs and assumptions and how they contributed to Draft 2026 ISP outcomes. AEMO accepted submissions on the Addendum until April 2026. The ISP must also include summaries of each issue raised in submissions to the Addendum that AEMO reasonably considers to be material. These summaries are available at Section 5 of this document.

² At <https://www.aemo.com.au/consultations/current-and-closed-consultations/draft-2026-isp-consultation>.

³ At https://www.aemo.com.au/-/media/files/major-publications/isp/draft-2026/addendum-to-the-2025-inputs-assumptions-and-scenarios-report.pdf?rev=00798523a25e42078034d1878c337f19&sc_lang=en.

⁴ At <https://www.aemo.com.au/consultations/current-and-closed-consultations/draft-2026-isp-non-network-options-consultation-switching-station-near-wondalga>.

⁵ At <https://www.aer.gov.au/publications/reports/performance/transparency-review-aemos-draft-2026-integrated-system-plan>.

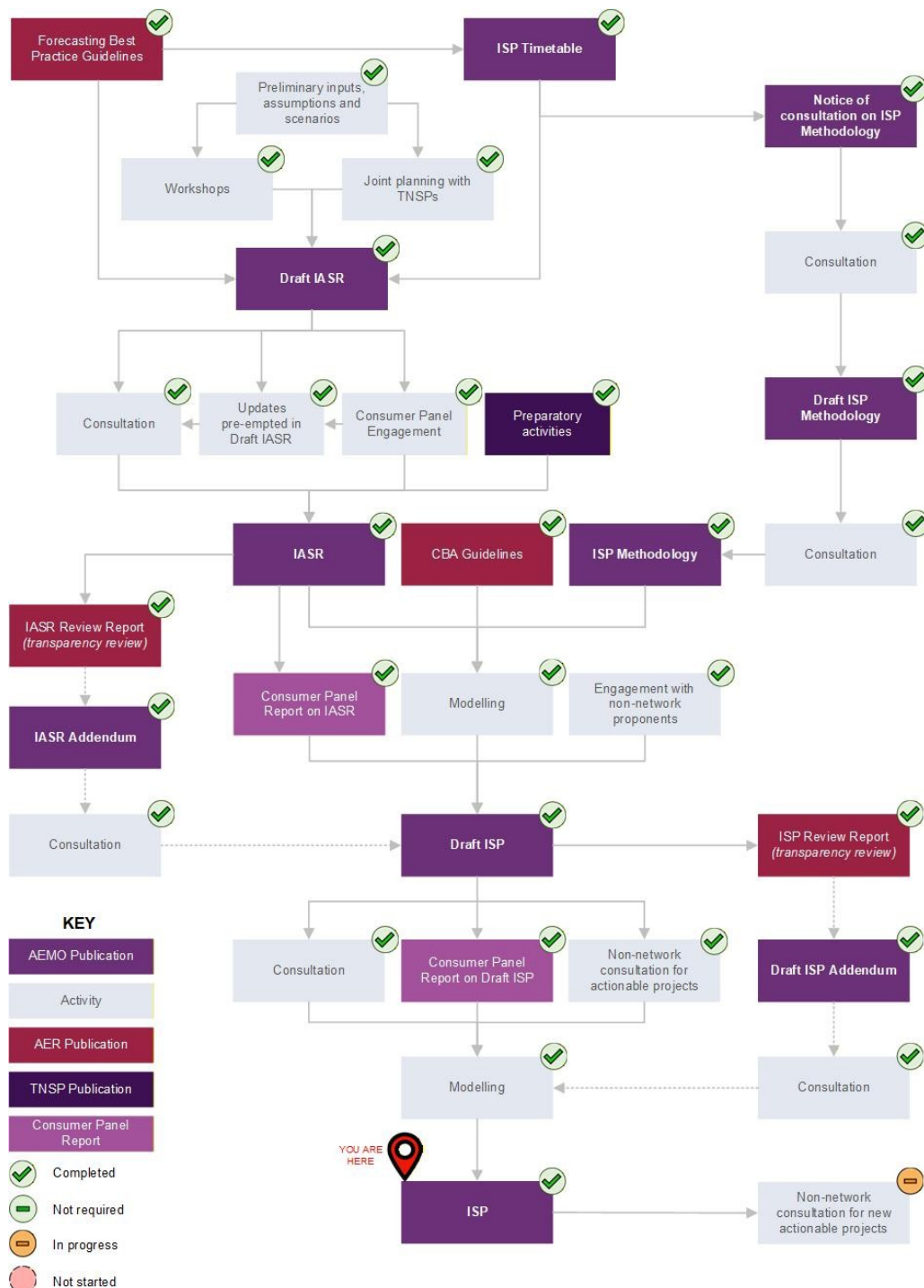
⁶ NER 5.22.13(a).

⁷ At https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2026/draft-2026-isp-addendum-consultation/addendum-to-the-draft-2026-integrated-system-plan.pdf?rev=21a3ecfefdf0475fb86c07aae4bfb83c&sc_lang=en.

1.2 The ISP process

AEMO developed the 2026 ISP pursuant to the ISP framework set out in the NER and relevant guidelines, including the AER's *Forecasting Best Practice Guidelines* and *Cost Benefit Analysis Guidelines*. **Figure 1** below provides a visual representation of the process, setting out elements of the regulatory framework (in purple, red and light purple boxes) and the activities undertaken by AEMO and stakeholders (in light grey boxes).

Figure 1 The ISP process



2 Submissions and key themes

This section identifies stakeholders who made either a written or verbal submission to the consultation on the Draft 2026 ISP and its Addendum, as well as the Addendum to the 2025 IASR (Section 2.1), and provides a summary of feedback received across 13 key themes (Section 2.2).

2.1 List of stakeholders who provided formal feedback on the Draft ISP

AEMO received 74 submissions on the Draft 2026 ISP, including six verbal submissions from consumer advocates and two confidential submissions. Of these submissions, 11 submissions included feedback on the 2025 IASR. AEMO also received two submissions on the Draft 2026 ISP Addendum. AEMO thanks all stakeholders who participated in consultation on the Draft ISP. Stakeholders who provided formal feedback are listed in **Table 2** below.

Table 2 List of stakeholders who provided formal feedback to the Draft 2026 ISP

Submissions to the Draft 2026 ISP		
Acciona Energia*	Endeavour Energy	Origin Energy
AITERAQ Advisory	EnergyAustralia	Park, Malcolm
Alinta Energy	Energy Consumers Australia (ECA)^	Powering Skills Organisation
ANU Centre for Energy Systems	Energy Efficiency Council (EEC)	Powerlink Queensland
APA Group	England, Philippa^	Queensland Electricity Users Network (QEUN)^
Ark Energy*	Ergon Energy Network and Energex	Save Our Surroundings Riverina
Ausgrid	Etrog Consulting^	Snowy Hydro
Australian Academy of Technological Sciences and Engineering (ATSE)	Future Earth Australia	South Australian Chamber of Mines and Energy (SACOME)
Australian Energy Infrastructure Commissioner (AEIC)	GE Vernova	South Australian Council of Social Service (SACOSS)^
Australian Resources Development (ARDPL)	HILT CRC	South Australian Department for Energy and Mining (SA DEM)
Beyond Zero Emissions (BZE)	Hydro Tasmania	Southerly Ten
Centre for Independent Studies (CIS)	Iberdrola*	Spark Renewables
Clean Energy Council (CEC)	Institute for Energy Economics and Financial Analysis (IEEFA)	Springmount Advisory
Clean Energy Investor Group (CEIG)	International Hydropower Association	Squadron Energy*
Climateworks Centre	ISP Consumer Panel	Syncline Energy
Coal Australia	ITEZZE	TasNetworks
Community Power Agency	Justice and Equity Centre (JEC)	Taylor, James (Dr) et al
CS Energy	Kamener, Martin	The Next Economy
CSPER	Lighter Footprints^	Tilt Renewables*
EcoJoule Energy	Magnetite Mines	Transgrid
ElectraNet	Marinus Link	Walcha Council
Electric Power Consulting	Molloy, Lawrence	Wild, Dominic

Submissions to the Draft 2026 ISP		
Electric Vehicle Council	Nexa Advisory	Willoughby, Richard
Electrification & Energy Systems Network (EESN)	NSW Department of Climate Change, Energy, the Environment, and Water (NSW DCCEEW)	Windlab
Submissions which included feedback on the Addendum to the 2025 IASR		
Ausgrid	HILT CRC	Powering Skills Organisation
Beyond Zero Emissions (BZE)	Hydro Tasmania	Save Our Surroundings Riverina
Climateworks Centre	NSW DCCEEW	Syncline Energy
GE Vernova	Origin Energy	
Submissions to the Addendum to the Draft 2026 ISP		
Ergon Energy Retail	Save Our Surroundings Riverina	

* When relevant due to the similar content and nature of specific recommendations, these stakeholders are collectively referred to as the Collaboration Group.

^ Verbal submissions from consumer advocates were published in one document labelled 'Consumer Advocates verbal submission' under the consultation submissions tab at <https://www.aemo.com.au/consultations/current-and-closed-consultations/draft-2026-isp-consultation>.

AEMO's 2026 ISP consultation webpage⁸ contains all published papers and reports, written submissions, webinar recordings, and other consultation documents and reference material (other than material identified as confidential). Certain submissions were not published due to confidentiality⁹.

2.2 Summary of key themes

Table 3 below shows a heat map indicating the quantity of stakeholders' comments, by cohort, for each of the key feedback themes identified by AEMO across the full set of submissions. Darker purple indicates more comments, lighter purple indicates fewer comments, and white areas indicate no comments.

⁸ At <https://www.aemo.com.au/consultations/current-and-closed-consultations/draft-2026-isp-consultation>.

⁹ Consistent with NER 5.22.14(c)(4) and confidentiality obligations set out in section 54 of the National Electricity Law. AEMO also assesses the publication of any information marked as confidential by referring to AEMO's Consultation Submission Guidelines at <https://www.aemo.com.au/Consultations>.

Table 3 Heat map of key themes

Key themes	Industry (generators, retailers, developers, networks and associations)	Consumer and community advocates	Academics	Consultants and individuals	Government	Other
Transmission network development						
Generation and storage projects						
Consumer energy resources						
Modelling framework						
Project deliverability						
Cost-benefit analysis framework						
Distribution networks and distribution-level opportunities						
System security and operability						
Demand outlook						
Gas role, supply, and infrastructure						
Social licence and engagement						
Coal-fired generators - pathway and role						
Communication and framing of the ISP						

Table 4 below summarises stakeholder feedback by theme and lists stakeholders who provided feedback on the theme in their submission. This does not include stakeholders who made recommendations or submissions identified as confidential.

Table 4 Key themes from submissions to the Draft 2026 ISP

Theme	Summary	Stakeholders
Transmission network development	- Most stakeholders who made recommendations on this theme expressed project-specific feedback, including calls to retain, progress or reconsider specific transmission projects. - Projects that drew the most comments from stakeholders included the Northern Transmission Project, Sydney Ring South (500 kilovolts [kV] option and power flow control option), Victoria – New South Wales Interconnector West (VNI West) and Queensland – New South Wales Interconnector (QNI) Connect.	Acciona Energia, ANU Centre for Energy Systems, Ark Energy, BZE, CIS, CEC, CEIG, Climateworks Centre, CSPER, ElectraNet, EnergyAustralia, Ergon Energy Network and Energex, Etrog Consulting, GE Vernova, HILT CRC, ISP Consumer Panel, JEC, Magnetite Mines, Marinus Link, Origin Energy, Malcolm Park, Powerlink Queensland, Snowy Hydro, SACOME, SA DEM, Southerly Ten, Squadron Energy, Syncline Energy, TasNetworks, Tilt Renewables, Transgrid, Windlab
Generation and storage projects	- Stakeholders expressed concern that the Draft 2026 ISP had not sufficiently valued long-duration energy storage in modelling or in its narrative and requested that this be revisited. - Stakeholders requested that projects with developer interest be reflected in the generation mix in the final 2026 ISP.	AITERAQ Advisory, Alinta Energy, ANU Centre for Energy Systems, Ausgrid, CIS, CEC, CSPER, ElectraNet, Hydro Tasmania, International Hydropower Association, ISP Consumer Panel, Marinus Link, Lawrence Molloy, NSW DCCEEW, Origin Energy, SA DEM, Southerly Ten, Spark Renewables, Springmount Advisory, Squadron Energy, Transgrid, Walcha Council, Richard Willoughby, Windlab
Consumer energy resources (CER)	- Several stakeholders requested that inputs and assumptions in relation to CER uptake be revised to more closely reflect recent policy developments, such as the Cheaper Home Batteries Program (CHBP) and Solar Sharer Offer. - Stakeholders also requested sensitivity analysis of higher than anticipated CER or VPP uptake and commented on assumptions in relation to electric vehicles.	Alinta Energy, Ausgrid, ATSE, CEC, CSPER, EcoJoule Energy, Electric Vehicle Council, EEC, EnergyAustralia, Philippa England, Etrog Consulting, GE Vernova, Hydro Tasmania, IEEFA, ISP Consumer Panel, Kamener, Martin, Origin Energy, QEUN, SACOSS, Transgrid, Richard Willoughby
Modelling framework	- Stakeholders requested optimisation or co-optimisation of further elements of the power system in the ISP. - Stakeholders also commented on the treatment of policy in the ISP, and other elements of the modelling framework.	Alinta Energy, ANU Centre for Energy Systems, ATSE, AEIC, BZE, CIS, CEC, Climateworks Centre, Coal Australia, Endeavour Energy, ECA, EEC, EnergyAustralia, Etrog Consulting, ISP Consumer Panel, JEC, Martin Kamener, Nexa Advisory, Origin Energy, The Next Economy, Richard Willoughby
Project deliverability	- Stakeholders emphasised the criticality of progressing projects in a timely manner and expressed concern that this would not happen due to delivery constraints. - Some stakeholders requested further accountability mechanisms in the ISP, and others requested sensitivity analysis to provide more visibility of the effects of constrained delivery.	Alinta Energy, ATSE, ARDPL, CIS, CEC, CEIG, CS Energy, CSPER, EnergyAustralia, Hydro Tasmania, Nexa Advisory, Origin Energy, Powering Skills Organisation, QEUN, Snowy Hydro, SACOME, Squadron Energy, The Next Economy, Windlab
Cost-benefit analysis	- There was some interest in changes to the cost-benefit analysis methodology, for example, for the analysis to include or report on a different cost stack. - Several stakeholders requested that elements of the cost-benefit analysis for the 2026 ISP be revisited, for example, assumed costs and benefits of specific projects or types of infrastructure.	Alinta Energy, ANU Centre for Energy Systems, ARDPL, BZE, CIS, Climateworks Centre, CSPER, EcoJoule Energy, ElectraNet, Electric Power Consulting, EESN, EnergyAustralia, Future Earth Australia, ISP Consumer Panel, QEUN, Southerly Ten, TasNetworks, Dr James Taylor et al, Dominic Wild
Distribution networks and distribution-level solutions	- There was interest in expanded analysis and further integration of distribution network development opportunities into the ISP. - Stakeholders also called for more consistent and granular data sets and further transparency on the approach and findings of the Demand Side Factors statement.	Ausgrid, CEC, Climateworks Centre, EcoJoule Energy, Endeavour Energy, EEC, Philippa England, Ergon Energy Network and Energex, GE Vernova, IEEFA, ISP Consumer Panel, ITEZZE, JEC, Lighter footprints, NSW DCCEEW, SACOME, SACOSS, Transgrid, Windlab
System security and operability	- Several stakeholders requested additional system security-focused sensitivities to ensure that the ODP remains robust even under stressed system conditions. - Technical recommendations included requests for clarity in methodology and reporting to distinguish between system security and operability under idealised conditions versus more realistic or stressed conditions.	AITERAQ Advisory, ATSE, CIS, CEIG, CS Energy, CSPER, Electric Power Consulting, EnergyAustralia, Ergon Energy Network and Energex, GE Vernova, International Hydropower Association, ISP Consumer Panel, Marinus Link, Origin Energy, Malcolm Park, QEUN, Snowy Hydro, Dr James Taylor, Transgrid

Theme	Summary	Stakeholders
Demand outlook	- There was interest in data centre demand forecasts, with many stakeholders requesting either adjustments or further transparency on how assumptions were derived. - South Australian stakeholders also commented on demand forecasts for South Australia, particularly large industrial loads.	AITERAQ Advisory, Alinta Energy, Ausgrid, ElectraNet, Electric Vehicle Council, EESN, Endeavour Energy, HILT CRC, IEEFA, ISP Consumer Panel, Marinus Link, NSW DCCEEW, Origin Energy, SACOME, SA DEM, Springmount Advisory, Syncline Energy, Transgrid, Windlab
Gas role, supply, and infrastructure	Stakeholders expressed mixed views on forecast fuel supply needs and the gas development projections set out in the Draft 2026 ISP.	Alinta Energy, APA Group, BZE, EnergyAustralia, GE Vernova, HILT CRC, IEEFA, ISP Consumer Panel, Nexa Advisory, NSW DCCEEW, SACOME, Springmount Advisory, Squadron Energy, Transgrid
Social licence and engagement	Stakeholders requested continued emphasis on the importance of social licence, with some requesting that AEMO take a more proactive approach to achieving social licence earlier in the transmission planning process.	ATSE, AEIC, CEIG, Community Power Agency, CSPA, Etrog Consulting, ISP Consumer Panel, JEC, Martin Kamener, SACOSS, Syncline Energy, The Next Economy, Walcha Council, Windlab
Coal-fired generators - pathway and role	Stakeholders expressed mixed views on the future of coal-fired generation in the NEM, with some commenting that the ISP should reflect the potential for further coal life extensions and others cautioning that coal reliability may decrease as thermal plants age. Stakeholders also requested that assumptions on coal flexibility, particularly for Queensland stations, be revised.	ARDPL, CIS, Coal Australia, CS Energy, IEEFA, ISP Consumer Panel, JEC, Nexa Advisory, NSW DCCEEW, Powerlink Queensland, Transgrid, Richard Willoughby
Communication and framing of the ISP	Stakeholders commented on both the overall narrative of the ISP and on specific phrases and terminology used in the ISP.	Alinta Energy, Ausgrid, ARDPL, CEC, Community Power Agency, Etrog Consulting, ISP Consumer Panel, JEC, SACOSS

3 How stakeholder feedback changed the 2026 ISP

This section details changes made between the Draft and final 2026 ISP, in response to stakeholder feedback or to new market, policy and power system observations. It also summarises material changes that AEMO was not able to adopt in the 2026 ISP, and the reasons why. Some of these themes will be considered by AEMO in the 2027 IASR and the 2028 ISP; please refer to Section 7.

Table 5 Changes implemented in the 2026 ISP in response to stakeholder feedback

Changes implemented in final 2026 ISP	Rationale for change	More detail
Generation and storage projects		
Project pipeline – AEMO updated generation and storage modelling to better reflect current developer activity by prioritising the existing project pipeline to 2030 before allowing additional generic new entrant projects. This change better aligns projected capacities with known connection activity and developer interest.	This change responds to stakeholder feedback, including from NSW DCCEEW, Transgrid, Windlab, and Spark Renewables that ISP modelling should better reflect known project development.	Appendices A2, A3, A4 and A6.
REZ network limits – AEMO updated the treatment of renewable energy zones (REZs) and related network limits. This included updates to constraints affecting Central-West Orana, South West New South Wales and Hunter Central Coast REZs in New South Wales, Darling Downs REZ in Queensland, transfer limits between Mid North and Adelaide in South Australia, and the introduction of new group constraints in Victoria affecting the Western and North West REZs.	These changes reflect stakeholder feedback and joint planning with transmission network service providers (TNSPs) on REZ development, developer access, and network limitations, including more detailed representation of major REZ access constraints.	Appendices A3 and A5.
Access rights – the final 2026 ISP includes technology-specific access rights for New South Wales REZs to limit development to the technology for which access rights have been sold. In addition, the final 2026 ISP includes operating limits on oversized assets with access rights in Central-West Orana and South-West New South Wales REZ to ensure their dispatches are capped at their awarded access-right capacities.	In response to feedback from NSW DCCEEW, Transgrid, and Spark Renewables , these changes improve alignment between ISP modelling and the way access rights and project registrations are expected to operate in practice.	Appendices A2 and A6.
Committed and anticipated projects – the final 2026 ISP reflects additional utility-scale storage, solar and wind projects that advanced to committed or anticipated status in the January 2026 Generation Information update. By 2029-30, this results in an additional 15.8 gigawatts (GW) of utility-scale storage, 4.8 GW of utility-scale solar and 1 GW of wind being explicitly represented as committed or anticipated projects in the outlook, displacing capacity that was represented more generically in the Draft ISP. In addition, the trajectory for the Capacity Investment Scheme in the final ISP has been updated to reflect the latest tender outcomes. The projects included in the New South Wales Electricity Infrastructure Investment (EII) generation and storage targets have also been updated to align with the January Generation Information dataset.	This change, which was pre-emptively set out in the 2025 IASR, reflects developments since the Draft ISP and incorporates the latest published project status information.	Appendices A2, A4 and A6.
Hybrid generation limits – the final 2026 ISP includes total generation limits for hybrid generators to ensure co-located generation and storage assets do not exceed their registered site capacities according to the January 2026 Generation Information update.	AEMO considers it prudent to update this such that the generators are not exceeding their registered capacity.	Appendices A2 and A6.
Battery auxiliary loads – the final 2026 ISP includes corrected battery auxiliary loads to align with the values stated in the 2025 IASR.	This correction was made after a stakeholder raised this through a joint planning meeting AEMO had with a jurisdictional planning body. AEMO considered it prudent to update this such that the model is in alignment with the IASR.	Appendices A2 and A6.

Changes implemented in final 2026 ISP	Rationale for change	More detail
Fuel prices and storage costs – AEMO updated fuel prices and storage costs used in the final 2026 ISP. This included updated fuel price forecasts and revised capital costs for generation and storage technologies, including lower pumped hydro cost estimates than those used in the Draft ISP.	These updates reflect more recent market information, including ACIL Allen’s gas price forecasts (aligned with the 2026 <i>Gas Statement of Opportunities</i> [GSOO]) and changes in storage technology costs in CSIRO’s draft 2025–26 GenCost report. The change also responds to stakeholder submissions, including submissions from Alinta Energy, Hydro Tasmania, and Marinus Link .	Appendices A2, A6 and A9.
Consumer energy resources		
Stationary consumer battery uptake – AEMO updated stationary consumer battery uptake assumptions to reflect the Commonwealth Government’s Cheaper Home Batteries Program and recent consumer battery installation trends. This update also changed the half-hourly demand profile used in the ISP.	This change responds to stakeholder feedback from the ISP Consumer Panel, Ausgrid, CEC, EnergyAustralia, IEEFA, Martin Kamener and Philippa England that consumer energy resources (CER) assumptions should better reflect recent policy settings and observed market behaviour. The final ISP adopts battery uptake forecasts from the draft 2026 Forecasting Assumptions Update, updated for the latest program settings and recent installations data.	Appendices A2, A4, A6 and A9.
Vehicle-to-grid availability – V2G availability was reduced from the Draft ISP to better reflect realistic vehicle usage patterns, reducing total coordinated storage in the <i>Step Change</i> scenario.	This change responds to stakeholder feedback, including from CSPER , that V2G assumptions should better distinguish technical potential from likely participation and availability.	Appendix A9.
Higher energy efficiency sensitivity – a higher energy efficiency sensitivity was added to complement the lower energy efficiency sensitivity in the Draft ISP. Together, these sensitivities test how higher and lower electricity consumption driven by energy efficiency may affect generation and storage requirements and total system costs.	This change responds to the ISP Consumer Panel’s request that AEMO undertake sensitivity analysis for higher energy efficiency in the final 2026 ISP, rather than just assessing lower energy efficiency as was the case for the Draft 2026 ISP.	Appendix A9.
Transmission network development outcomes		
New actionable projects – four new projects are now actionable in the final 2026 ISP: Brisbane Area 275 kV Reinforcement, Central to North Queensland Reinforcement (Stage 1), Central-West Orana REZ expansion, and Tasmania REZ expansion.	These changes reflect joint planning with proponents and jurisdictions, including updated inputs from Powerlink , changes affecting Queensland transmission planning, closer alignment with New South Wales REZ access rights and government data, and revised Tasmanian project treatment from TasNetworks .	Appendix A5 and Section 4.1.
Deferred projects – three previously actionable projects are now future ISP projects: QNI Connect, Northern Transmission Project, and the Waddamana to Palmerston transfer capability upgrade, which has been replaced by the broader Tasmania REZ expansion.	QNI Connect was delayed primarily because additional battery storage projects in South East Queensland and New South Wales reduced the near-term need for the interconnector, and because of reduced flexibility assumptions for Queensland coal generators. Northern Transmission Project changed following updated scope and cost, and revised generation and storage developments in South Australia. Tasmania REZ expansion was identified after a project option cost was updated and reduced through joint planning with TasNetworks.	
Other network updates – several other project outcomes also changed. New England REZ Network Infrastructure Project is now anticipated rather than actionable, Sydney Ring South now identifies both the power flow control option and the 500 kV option as actionable, Central Queensland to Southern Queensland Expansion is no longer on the optimal development path, Central to North Queensland Reinforcement (Stage 2) is now identified as a future ISP project, and two distribution network development opportunities – Hunter Central Coast REZ Expansion and the Dubbo Distribution Project – are now identified in the ISP.	These changes reflect updated project progress, joint planning, revised network representation, and the finalisation of project status information. Examples include: - New England REZ Network Infrastructure Project is now categorised by AEMO as anticipated, based on information provided by the New South Wales government¹⁰, and is progressing under the <i>Electricity Infrastructure Investment Act 2020</i> (NSW). - Sydney Ring South was re-tested in the final ISP and both options were identified as actionable.	

¹⁰ See the letter from Minister Sharpe regarding the New England REZ Network Infrastructure Project, at <https://www.aemo.com.au/-/media/files/major-publications/isp/2026/supporting-materials/2026-isp-ministerial-letter-new-england-rez.pdf>.

Changes implemented in final 2026 ISP	Rationale for change	More detail
	Hunter Central Coast REZ (N9) was assessed following feedback from Ausgrid's submission, and the option was adjusted in the ISP model. The project was then identified on the ODP.	
System security and operability		
VRE drought – the VRE drought analysis was extended in the final 2026 ISP to include longer renewable lulls and the possible role of a strategic reserve in future storage operations.	This additional analysis responds directly to stakeholder requests for stronger testing of reliability and operability under stressed weather and low renewable conditions, including requests from Ergon Energy Network and Energex, EnergyAustralia, CSPER and Origin Energy .	Appendix A4.
Hydrogen electrolyser demand – AEMO updated the implementation of hydrogen electrolyser demand in the time-sequential model so that it better aligns with the capacity outlook model, including an updated assumption that sufficient hydrogen storage is available to store around one month of hydrogen production.	This change improves consistency between core modelling approaches and improves the representation of flexible hydrogen load in reliability and operability assessments, consistent with concerns from CIS that the hydrogen approach in the Draft ISP was resulting in near-continuous operating characteristics of hydrogen electrolysers.	
System security – the projected outlook for system strength, inverter-based resources and inertia is now assessed using the final ISP <i>Step Change</i> generation, storage and transmission build outcomes in the final 2026 ISP. Appendix A7 also includes a new section explaining reform processes underway in relation to system security.	In response to feedback from CS Energy and CSPER on the importance of ensuring that system security requirements can be met in an evolving market, these changes improve alignment between the system security assessment and the final ISP development path and provide greater transparency on broader reforms affecting future system security outcomes.	Appendix A7.
Social licence		
Social licence transparency – Appendix A8 also includes further detail on how AEMO deepened its consideration of social licence, including through land use analysis and the use of social licence considerations in scenarios, early network planning and REZ assumptions.	This is in response to a recommendation from CSPER that Appendix A8 include an explanation of how social licence considerations influenced project deliverability in system planning.	Appendix A8 and Section 4.11.
Social licence for CER – Appendix A8 includes a new section explaining how social licence relates to CER adoption, CER coordination and participation in VPPs.	This change responds to stakeholder feedback from the ISP Consumer Panel that three aspects of social licence should be considered: social licence for the energy transition, for new energy infrastructure development and CER adoption and coordination. This also responds to stakeholders including Etrog Consulting and Community Power Agency who commented that trust remains a major barrier to participation in orchestrated CER.	
Gas role, supply and infrastructure		
Updated gas inputs – gas modelling inputs were updated to align with the 2026 GSOO. This included updates to residential, commercial, industrial and liquefied natural gas (LNG) demand forecasts, gas production forecasts, wellhead and regasification costs, pipeline tariffs, infrastructure project status and initial investments used in the modelling.	To maintain alignment with gas industry information publications, these changes reflect developments since the Draft ISP and ensure that the final ISP uses the latest available gas market information.	Appendix A10.
Gas infrastructure options – gas infrastructure option details were also updated.	This improves the representation of gas infrastructure options in the gas supply development model, reflecting feedback from gas infrastructure project proponents.	
Communication and framing of the ISP		
Terminology – the final 2026 ISP changes selected terminology for batteries and distribution-connected generation. It uses the terms “mid-scale batteries” and “mid-scale network and community batteries” in place of “network batteries”, and it uses “mid-scale generation and storage” in place of “other distributed resources” and “unscheduled generation”.	These changes respond to stakeholder feedback that the ISP should use clearer and more accessible terminology. Community Power Agency and the ISP Consumer Panel recommended that battery terminology should avoid conflating community-owned assets with community-scale but network-owned assets. The ISP Consumer Panel and Martin Kamener recommended clearer framing of other distributed resources, with the ISP Consumer Panel recommending the term “mid-scale generation”.	Main report and Appendix A9.

Changes implemented in final 2026 ISP	Rationale for change	More detail
Coal pathway and role		
Coal flexibility – AEMO revised coal flexibility assumptions in the final 2026 ISP by explicitly modelling recent minimum continuous operating levels for coal-fired generators. This results in greater flexibility being assumed for New South Wales and Victorian coal plants, and less flexibility for Queensland coal plants.	This change responds to stakeholder feedback, including from CS Energy , that the Draft ISP overstated likely flexibility in Queensland and should better align with available operational evidence and the 2025 Thermal Audit.	Section 4.12, <i>Coal pathway and role</i> .

Table 6 Changes requested by stakeholders that were not accommodated in the 2026 ISP

Topic where feedback was <i>not</i> materially accommodated	Stakeholders raising similar points	Why no material change was made
Broader cost benefit analysis scope	Electric Power Consulting, Dr James Taylor, Dominic Wild, ARDPL, Future Earth Australia, ISP Consumer Panel	The ISP must be prepared under the NER and the AER's <i>Cost Benefit Analysis Guidelines</i> , which set the framework AEMO applies in undertaking the cost-benefit analysis for the ISP. The regulatory framework does not include negative externalities. AEMO has noted feedback on the types of costs that stakeholders would like to see further consideration of, and notes that ongoing reforms and rule change processes such as the <i>Review of the ISP framework</i> and <i>Clarifying the treatment of jurisdictional policies and system costs in the ISP</i> may provide further guidance on this matter for future ISPs.
Co-optimisation of further elements of the power system	EEC, JEC, AEIC, Martin Kamener, ECA, CEC, Endeavour Energy, BZE, Climateworks Centre, Philippa England	The 2026 ISP is the first to include a Demand Side Factors statement and distribution-level opportunities. AEMO does not currently consider full co-optimisation of CER, energy efficiency, and distribution investments within the ODP. AEMO considers that CER uptake decisions are influenced by a range of non-economic factors, and modelling full co-optimisation without those drivers could misrepresent consumer behaviour. AEMO identifies this as an evolving area for future ISPs and an area to consider during development of the first Demand-side Statement of Opportunities (DSOO) that will help identify and quantify demand-side opportunities in the NEM that enable decarbonisation, support energy system reliability and security, and lower the cost of the energy transition. The 2026 ISP expands consideration of distribution-level opportunities and some distribution-connected generation and storage options. However, AEMO does not treat distribution projects as actionable in the same way as transmission projects. Making distribution network development opportunities actionable under the ISP framework would require changes to the NER and the broader regulatory framework.
Further modelling of delivery and implementation constraints	CEIG, Alinta Energy, EnergyAustralia, CS Energy, Powering Skills Organisation, The Next Economy, Windlab, CSPER, Origin Energy, Hydro Tasmania, CIS, Squadron Energy, Snowy Hydro	AEMO is aware of stakeholder requests for specific sensitivities, such as reduced investment appetite, explicit workforce and skills constraints, and community sentiment and social licence constraints. AEMO was unable to model these specific sensitivities in the time available between Draft and final 2026 ISP, however considers that the <i>Constrained Delivery</i> sensitivity provides useful analysis demonstrating the impacts of delays on the benefits of the ODP, regardless of cause for such delays.
Expanded demand-side factors analysis	EEC, Electric Vehicle Council, GE Vernova, CSPER, ATSE	The Demand Side Factors statement is in its first iteration and AEMO expects that consideration of demand-side factors will evolve over time as data quality and modelling capabilities improve.
Integration of social licence earlier in the transmission planning process	AEIC, CEIG, Community Power Agency, ISP Consumer Panel, The Next Economy	AEMO considers that project-specific benefit-sharing and co-design are most effectively progressed once projects are sufficiently defined, and that building and maintaining social licence falls mostly within the remit of jurisdictions and project proponents. AEMO encourages jurisdictions and project proponents to undertake early and genuine community engagement as project details mature. AEMO also remains committed to listening to a broad range of regional perspectives through its public engagement forums, webinars and advisory groups, to inform its understanding at a system-planning level.
Further assessment of recent developments in gas markets and stronger consideration in the ISP of the commercial and regulatory	APA Group, NSW DCCEEW, ISP Consumer Panel, Alinta Energy, GE Vernova	Recent developments in gas market policy such as the Australian Government's Gas Market Review and consequent domestic gas reservation scheme remain under consultation at the time of publication.

Topic where feedback was <i>not</i> materially accommodated	Stakeholders raising similar points	Why no material change was made
settings needed to ensure gas-powered generation (GPG) development		AEMO's functions as the National Transmission Planner include preparing the ISP which, together with documents such as the GSOO, provide information to market participants and policymakers on forecast power system needs. AEMO has been careful to clearly communicate the need for gas to back up renewable supply during renewable lulls and periods of peak demand. AEMO agrees that there will need to be appropriate investment signals for gas-powered generation and its supporting infrastructure to perform its critical backup role as the NEM transitions to net zero and that those provided by the current market and regulatory arrangements are unlikely to be sufficient for future investment in GPG. While outside the scope of the ISP, AEMO continues to work closely with jurisdictions, market bodies, and industry on reforms that may be needed to ensure fit-for-purpose markets and regulatory settings that support timely and efficient investments through the energy transition.
Alternative treatment of policy in the ISP	ATSE, CIS, Coal Australia, ATSE, EnergyAustralia, EEC	The way that AEMO considered government policies and targets in the 2026 ISP was guided by the NER, the <i>ISP Methodology</i>, the 2025 IASR, and AEMO's <i>Consultations with jurisdictions for the Integrated System Plan Guideline</i>. AEMO considers that governments have a critical role to perform in setting the pace and breadth of the transition through policy direction and this is recognised by the regulatory framework underpinning the ISP. AEMO notes that the way that policy is treated in the ISP is a matter currently being considered by the Australian Energy Market Commission (AEMC) for the <i>Clarifying the treatment of jurisdictional policies and system costs in the ISP</i> rule change process and that the outcomes of this process may shape the treatment of policy in the ISP in 2028 and beyond.
Consideration of broader economic, environmental or social impacts in modelling, sensitivities, and the assessment of least-cost pathways	AEIC, CSPER, Community Power Agency	The ISP delivers benefits to consumers by identifying the development path that minimises total system costs for consumers. AEMO agrees with stakeholders on the importance of social licence, and notes that in AEMO has in many ways deepened its social licence consideration from 2024, having applied community sentiment insights and stakeholder feedback in its scenarios, early network options planning, land use inputs, updating of the Transmission Cost Database, demand side modelling and the location and use limits of renewable energy zones. Further details on AEMO's approach to social licence may be found in Appendix A8.

4 2026 ISP Consumer Panel recommendations on the Draft ISP

The 2026 ISP Consumer Panel provided its report on the Draft 2026 ISP to AEMO in February 2026¹¹. The Panel identified 17 major recurring themes¹² and made more than 50 recommendations which are summarised in **Table 7** along with AEMO's responses. In addition, the ISP Consumer Panel feedback is discussed in Section 5, with other stakeholders' comments on the same themes.

Table 7 Recommendations in the 2026 ISP Consumer Panel's report on the Draft 2026 ISP

Theme	Recommendation	AEMO response
Consumer energy resources (CER)	- Undertake a sensitivity analysis of the impacts on the 2026 ODP from applying more recent data from the Draft 2026 <i>Forecasting Assumptions Update</i> supporting materials. Test the impacts of more rapid CER take up, specifically rooftop solar and home batteries, than considered in the 2025 IASR. - Make the 2 GW estimated capacity in the distribution network to accommodate CER a National Community Energy Target, backed up with incentives and assistance to enable consumers to more actively participate in the energy transition. - Apply updated data from the Draft 2026 <i>Forecasting Assumptions Update</i> supporting materials to key demand side factors, including "EV projections, distributed PV and CER batteries/VPP forecasts and GEM (Greenhouse and Energy Minimum Standards) projections for distributed energy resources, including non-scheduled generation". "Keep a wide view of ways" that CER "responsiveness" could be delivered, and by whom, beyond retailer-led VPPs. - Recognise mid-scale generation and storage as an area of future potential and be sensitive to this within the modelling. "Increase the visibility" of mid-scale generation and storage within the ISP and refer to it as 'mid-scale generation and storage' to distinguish it from community energy projects and use a more accessible term than 'unscheduled generation'. - Work with consumers, community energy organisations, distribution network service providers (DNSPs), state and federal governments (including the CER Roadmap) to identify	- In general, AEMO uses the inputs and assumptions consulted on in the two-yearly IASR for preparing the draft and final ISPs, not the results from draft <i>Forecasting Assumptions Updates</i> which are produced in the years when an IASR is not produced. The Draft 2026 ISP applied inputs and assumptions from the 2025 IASR. However, consistent with the Panel's recommendation, in this instance, AEMO has chosen to update its home battery uptake forecasts for the final 2026 ISP to apply the levels in the Draft 2026 <i>Forecasting Assumptions Update</i>, updated with the latest settings of the CHBP and recent installations data, for all core ISP scenarios. AEMO agrees that this better represents current uptake trends and therefore agrees with changes suggested across various stakeholder feedback on this issue. The CER battery forecasts applied for the 2026 ISP can be downloaded from the 2026 ISP website¹⁴. - AEMO notes the Panel's recommendation on establishing a National Community Energy Target. Establishing this target is outside of the scope of the ISP. - AEMO must consult on scenarios and inputs used to prepare each ISP and may revise these in response to stakeholder feedback on the Draft ISP. Accordingly, the inputs in the final 2026 ISP reflect those published in the 2025 IASR, updated where appropriate following stakeholder feedback. This includes an update to home battery forecasts to align with levels in the Draft 2026 <i>Forecasting Assumptions Update</i>, updated with the latest settings of the CHBP and recent installations data. AEMO has also included an additional demand side factor sensitivity, the <i>Higher energy efficiency</i> sensitivity, with further details provided in appendices A6 and A9.

¹¹ The ISP Consumer Panel included feedback on the Addendum to the 2025 IASR in its report on the Draft 2026 ISP.

¹² Submission at <https://www.aemo.com.au/-/media/files/major-publications/isp/draft-2026/consultation-submissions/2026-isp-consumer-panel-draft-2026-isp-submission.pdf>.

¹⁴ See the 2026 ISP Inputs and Assumptions workbook at <https://www.aemo.com.au/-/media/files/major-publications/isp/2026/supporting-materials/2026-isp-inputs-and-assumptions-workbook.xlsx>.

Theme	Recommendation	AEMO response
	current barriers facing community energy and mid-scale projects (across policy, regulation, market, financial, support) and how they can be overcome. AEMO should action any relevant recommendations within its remit coming out of this process. Clarify what AEMO considers to be efficient curtailment levels with differing levels of CER/distributed energy resources (DER) (Figure 8 in Appendix A9 Demand Side Factors statement of the Draft 2026 ISP¹³), and how upstream curtailment has been accounted for when increasing export levels.	- AEMO expects that future Demand Side Factors statements will continue to develop and expand the ways that CER responsiveness could be delivered, including expanding sensitivities and analysis. - AEMO has continued to acknowledge the potential for mid-scale generation and storage, and has added additional references to larger-scale distributed solar and batteries outcomes in the final 2026 ISP, referencing the projected development of 3.1 GW of larger-scale distributed solar under <i>Step Change</i>. No mid-scale battery opportunities were identified in <i>Step Change</i>, although AEMO does acknowledge that there are drivers for mid-scale batteries not captured in ISP modelling, and that this result is expected to evolve over successive ISPs as modelling improves and with further data availability. Further details are available in Appendix A2 Generation and Storage Development Opportunities. - AEMO agrees with feedback on ‘mid-scale generation and storage’ being used as terminology in the ISP and has changed references to ‘other distributed resources’ and ‘larger-scale distributed resources’ to ‘mid-scale generation and storage’ in the final 2026 ISP. The glossary in the ISP has been edited to define this term, and to explain how this term relates to terms used in other documents such as the <i>ISP Methodology</i> and the <i>Demand Side Factors Information Guidelines</i>. AEMO has added additional material in the final 2026 ISP report to highlight the results and potential for mid-scale generation and storage. - AEMO acknowledges feedback on working with stakeholders to identify barriers facing community energy and mid-scale projects and notes that it is closely aligned with work already underway through the CER roadmap. This includes ongoing engagement with consumers, community energy organisations, DNSPs and state and federal governments to better understand barriers facing community energy and mid-scale projects across policy, regulatory, market and financial settings. AEMO will continue to consider and progress relevant actions within its remit through these established processes. - In the context of the ISP, the efficient level of CER export curtailment is an outcome of the ODP. It reflects the relative cost and capability of different infrastructure options—distribution investment to support CER exports, transmission, and utility- and mid-scale generation and storage—in meeting demand. Accordingly, AEMO does not set an assumed level of CER export curtailment in the modelling (and does not apply an input curtailment level to grid-scale development either). Instead, AEMO observes and reports curtailment outcomes, noting that if this level of curtailment were not efficient, the model would select additional investment as part of the least-cost development mix. Further details are available in Appendix A9 Demand Side Factors statement.

¹³ Note the equivalent figure in Appendix A9 of the final 2026 ISP is Figure 14.

Theme	Recommendation	AEMO response
Deliverability, delay risk and implementation realism	- Elaborate and consult on what the collaboration and coordination required to deliver the ODP, build social licence and secure consumer participation would look like. - Increase attention, resourcing and pace to achieve the CER Roadmap recommendations and actions. Identify areas requiring additional attention within the CER Roadmap, for example, community energy, mid-scale generation and storage in the distribution network, and improving AEMO's visibility of non-scheduled generation. (See also Nelson Review reforms re 'Visibility of consumer energy resources'.) - That priority grid-scale storage, distribution upgrades and renewable generation projects are afforded 'actionable' status.	- AEMO consults with many stakeholders during its planning processes, including with TNSPs and relevant NEM jurisdictional bodies. Specific project-level engagement is the responsibility of jurisdictions and project proponents, however, AEMO will consider conducting further consultation with stakeholders on what building social licence looks like. - The CER Roadmap encompasses a range of projects and AEMO is only involved in some of these. While CER and consumer behaviour forecasts may be informed by the CER Roadmap, delivering on the CER Roadmap is outside the ISP's scope. - The current ISP framework in the NER does not provide for grid-scale storage, distribution upgrades or renewable generation projects to be made 'actionable' through the ISP.
Demand outlook (including data centres)	In the final 2026 ISP, discuss the risks of both under- and over-forecasting demand and the 'least regrets' responses.	AEMO applies three scenarios and multiple sensitivities specifically to describe and discuss the risks of under and over forecasting demand, and other critical inputs. The scenarios modelled for the 2026 ISP explore the risks of higher and lower demand, with <i>Slower Growth</i> accounting for major industrial closure risks and <i>Accelerated Transition</i> exploring the impacts of major new industrial developments. In the final 2026 ISP, AEMO has retained its existing material to explain the breadth of the demand forecasts applied in the ISP assessment, as consulted on through the 2025 IASR, and has included additional information about the outcomes of sensitivity analysis relating to demand forecasts (particularly energy efficiency forecasts and a <i>Higher Demand</i> forecast).
Distribution networks and distribution-level solutions	- The Panel supports investment in distribution upgrades to leverage an additional 2 GW of private investment, support consumer value from their existing assets and unlock whole-of-system benefits. - The potential for 2 GW additional grid-scale investment be broken down into subregions to help direct investment consideration. - The final 2026 Demand Side Factors statement should identify and explain opportunities to 'leverage' distribution investment savings for all consumers – both CER and non-CER households. For example, in new augmentation expenditure reductions for network businesses, with savings reducing Distribution use of system charges. - Rename the Demand Side Factors statement so its meaning is more obvious to the general public. For example, like the plan for 'Supporting Consumer Participation'; the Demand Side Factors statement should be a guide to the demand side, more than distribution networks. - This first Demand Side Factors statement is also a statement of distribution network factors. Future Demand Side Factors statements need to more overtly consider other demand side factors too.	- The decision to make distribution network development opportunities actionable under the ISP framework in the NER would require a rule change. AEMO notes that several AEMC reform processes are underway, including a comprehensive <i>Review of the ISP framework</i>¹⁵. - AEMO has provided a sub-regional breakdown of identified distribution network development opportunities in Table 9 and Figure 13 of Appendix A9 Demand Side Factors statement. Details of the sub-regional breakdowns are also provided in the generation and storage outlook workbooks that are also published together with the 2026 ISP report. - AEMO notes that the purpose and scope of the Demand Side Factors statement is focused on how demand side factors can support the ISP's plan for the efficient development of the power system, rather than network-wide distribution use of system charge implications. NER 5.22.6A says the purpose of the Demand Side Factors statement is to provide information about: "opportunities for the development of distribution networks ... that are consistent with the efficient development of the power system", and "the potential for demand side factors to affect the efficient development of the power system"¹⁶.

¹⁵ See <https://www.aemc.gov.au/market-reviews-advice/review-integrated-system-plan-framework>.

¹⁶ At <https://energy-rules.aemc.gov.au/ner/647/592343>.

Theme	Recommendation	AEMO response
	- Consider how to include specific demand-side investments as outputs of the optimisation process rather than rely on 'static' input forecasts. For example, as part of the ISP's modelled ODP outputs, AEMO could include the optimal level of energy efficiency alongside the optimal levels of generation, storage and network as part of its least-cost solution. (The Panel recognises that the level of energy efficiency inputs varies across the scenarios, but they remain static input forecasts within each scenario.) - Explain assumptions about battery investment and price volatility, over time, noting battery investment is affected by reducing volatility from having more batteries.	- While the Demand Side Factors statement does not explicitly model or forecast consumer savings for CER or non-CER households, its analysis demonstrates that: - demand-side factor uptake, including CER and energy efficiency, can significantly reduce requirements for transmission and utility-scale infrastructure, avoiding investment costs on the order of billions of dollars, and - distribution network augmentations, representing investment in the order of millions of dollars, can deliver system-wide consumer benefits by facilitating increased CER exports. Use of system charges and associated cost recovery for distribution networks are matters for the AER under the economic regulatory framework in the NER, rather than the ISP. - AEMO notes the Panel's suggestion to rename the Demand Side Factors statement. The NER require AEMO to include a demand side factors statement in the ISP¹⁷. However, AEMO has made sure to prioritise discussion of demand-side factors and consumers (where relevant) throughout the statement. - AEMO anticipates that future Demand Side Factors statements will consider other factors such as electrification and flexible demand. AEMO is also collaborating with the Australian Government, states, and territories to develop a Demand-side Statement of Opportunities (DSOO) which will help identify and quantify demand-side opportunities in the NEM that enable decarbonisation, support energy system reliability and security, and lower the cost of the energy transition. - AEMO does not consider that it is currently feasible to introduce full co-optimisation between the CER forecasts and the ISP modelling outcomes. This may be possible in future ISPs, depending on future market trends, modelling capabilities, and data availability. - AEMO acknowledges the Panel's request for additional clarity regarding the CER modelling assumptions. AEMO's 2025 <i>Distributed PV and Batteries/VPP Forecast Report</i>¹⁸ provides more information on the modelling in question and the assumptions used. AEMO confirms it will continue to monitor and consult on CER developments as needed and that stakeholders can provide feedback on scenario and forecast inputs and assumptions as part of the IASR consultation.
Engagement, social licence and regional/workforce impacts	- Use the term 'network batteries' instead of 'community batteries' unless the battery is actually owned by and/or directly benefitting a specific community of involved consumers. - A focus on coordinated action, engagement and policy should not mean AEMO loses sight of changing circumstances such as substantial shifts in costs and benefits related to actionable – and even committed projects.	- AEMO agrees with this recommendation and in the 2026 ISP the distinction has been made. Where these batteries (5 megawatts [MW] – 30 MW) are referenced, the term 'network and community batteries' has been adopted. - In this 2026 ISP, AEMO has reevaluated actionability of projects that are still progressing through regulatory processes and have not yet reached committed or anticipated status, to

¹⁷ NER 5.22.6(a)(9) and 5.22.6A.

¹⁸ See supporting materials at <https://www.aemo.com.au/consultations/current-and-closed-consultations/draft-2026-forecasting-assumptions-update>.

Theme	Recommendation	AEMO response
	- Retain a focus on all three “levels” or aspects of social licence in AEMO’s analysis (energy transition, infrastructure projects, CER) in Appendix A8 Social Licence. - Change the Draft 2026 ISP’s front-page byline from ‘A roadmap for the energy transition’ to ‘The national roadmap for the energy system’.	ensure that updates to inputs, including changes in costs, do not change their optimal timing and actionability. - AEMO agrees with the Panel’s recommendation to incorporate three aspects of social licence on the energy transition, infrastructure projects, and CER in Appendix A8 Social Licence and has implemented this feedback. Appendix A8 now includes a section on CER adoption and coordination to reflect consumer and community participation in the energy transition. - AEMO has decided to retain ‘A roadmap for the energy transition’ as it more accurately reflects the purpose and established framing of the ISP, noting that ‘the national roadmap for the energy system’ could imply coverage of electricity systems outside the NEM, including the Wholesale Electricity Market (WEM) in Western Australia, and the Darwin to Katherine Interconnected System (DKIS) in the Northern Territory.
Gas role, fuel supply and infrastructure	- Explain to key stakeholders, including governments, the importance of addressing the current gaps in the gas market to support the role of gas in providing firming and system security services before the exit of coal generation in the early 2030s. - Gas supply and storage requirements forecasts should be explicitly considered in the context of current and future technological developments in the capacity of grid-scale batteries to provide long-duration storage (12 hours plus). - In the final ISP, include a sensitivity analysis on the impact of much reduced industrial demand for gas due to closure of major industries such as fertilizer production, made more likely if the gap between Australian domestic gas prices and US natural gas prices expands. - Include a sensitivity analysis on the impact of delays in the two proposed regasification terminals and/or cancellation or significant delay of the Corio Bay regasification development. - Engage with key consumer stakeholders regarding potential community opposition to the Corio Bay development. - Together with the other energy regulators and governments, work more expeditiously to develop an appropriate incentive framework to encourage the development of the GPG market in the NEM. - Consider and report on the impact of policies from the 2025 Gas Market Review on gas supply, gas costs and investor behaviour and whether the Nelson Review proposal regarding gas supply to the market addresses the issues raised. - Work with other regulators, the industry and consumers to further explore the costs of the different options and the feasibility of attracting investment in the various components of each gas option. - Include additional analysis of the viability of future gas needs being met with waste to energy and renewable biogas, instead of expansion or development of new gas fields.	- AEMO takes on board the Panel’s request and commits to emphasising the importance of ensuring security of supply in both the gas and electricity markets in the final 2026 ISP. - There is a significant amount of battery storage forecast to be entering the NEM across the ISP horizon. The ISP’s least-cost optimisation does consider whether storage (of various durations) and VRE or GPG provides the more efficient supply and reliability outcomes, with the ISP’s modelling framework pursuing a cost-minimisation approach. With emerging technology costs projected to decline over time, technologies such as longer-duration battery storage become more attractive to the model over time. - The <i>Slower Growth</i> scenario includes reduced industrial gas demand due to the weaker economic conditions reflected in this scenario. The final 2026 ISP uses residential, commercial and industrial gas demand forecasts developed for the 2026 GSOO, no further industrial gas demand forecasts were developed specifically for the final 2026 ISP. - AEMO notes that, as construction is complete for the Port Kembla Energy Terminal and the Corio Bay terminal was first included in a gas development projection from 2034-35, the timing considered for these projects in the Draft 2026 ISP is reasonable even with delays. For the final 2026 ISP, AEMO has introduced a Domestic Supply Only gas development projection that does not feature an LNG regasification terminal at all. - AEMO has noted the ISP Consumer Panel’s recommendation on the Corio Bay development. Issues relating to community views on specific gas infrastructure projects sit outside the ISP’s scope and are managed through jurisdictional processes and project-level engagement led by proponents. - AEMO acknowledges the ISP Consumer Panel’s comment noting that developing an incentive framework to encourage GPG market development in the NEM is not the role of the final 2026 ISP. - The final 2026 ISP does not consider the Australian Government’s Gas Market Review and consequent domestic gas reservation scheme as this policy remains under consultation at the

Theme	Recommendation	AEMO response
		time of publication. AEMO notes the Panel's recommendation on the Nelson Review but advises that commenting on market design is not within the ISP's scope. - AEMO acknowledges the ISP Consumer Panel's recommendation to assess the feasibility of attracting investment in gas options, and considers that assessing the investment feasibility of gas options is not the role of the final 2026 ISP. - In response to the ISP Consumer Panel's recommendation on waste to energy and renewable biogas, AEMO notes that it published the gas infrastructure options considered by the gas supply expansion model in the 2026 ISP in the 2025 <i>Gas Infrastructure Options Report</i>, with updates to these options made, considering information collected for the 2026 GSOO. This includes renewable gas projects that are proposing to connect to the East Coast Gas Market. Behind-the-meter renewable gases such as biogas were not considered in the scope of the 2026 GSOO or the gas infrastructure options used in the 2026 ISP only supply projects for covered gases, which are natural gas, hydrogen, biomethane and blends of these gases. Large industrial loads are surveyed as part of the GSOO to inform the gas demand forecasts. If a facility has a behind-the-meter project that will reduce its gas demand from the East Coast Gas Market, this will be considered as a reduction in the industrial gas forecasts.
Modelling framework, inputs, transparency and evidence	- Apply a 'use by' date to projections about net consumer benefit for any modelled project so where there are delays, that benefit to consumers can be re-assessed. This is because, as real costs become better known and timing and other unforeseen constraints emerge, modelled benefits are quickly eroded or disproven. - Undertake a sensitivity test for higher energy efficiency in the final 2026 ISP. - Apply the reliability standard from the AEMC's Draft 2026 <i>Reliability Standard and Settings Review</i> report to the final 2026 ISP.	- In relation to the request for a "use by" date on projected net consumer benefits and more frequent re-assessments of project actionability, AEMO notes that the ISP is refreshed every two years using an updated set of inputs, assumptions, and scenarios. This two-year cycle is relatively tight and would be challenging to compress any further without sacrificing rigour or stakeholder engagement. Consumer safeguards are further embedded through the feedback loop mechanism, which must be passed by project proponents to be eligible to submit a contingent project application for cost recovery from the AER. - AEMO has included a sensitivity with higher energy efficiency uptake in the final 2026 ISP. Details are captured in appendices A9 and A6. - AEMO recognises that the Reliability Panel has provided a final recommendation in the 2026 <i>Reliability Standard and Settings Review</i> that the reliability standard be updated to 0.003% unserved energy (USE). However, the reliability standard in the NER remains 0.002% USE unless and until amended by the AEMC, therefore the reliability assessments for the 2026 ISP use the current reliability standard.
REZ strategy, siting and spatial planning	Consider the applicability of doing social context analysis and/or social impact assessment processes as part of transmission and REZ planning.	AEMO is considering more studies to enhance its understanding of social impacts for new energy infrastructure development. At this stage the work will be to enhance AEMO's understanding, learning and awareness only with no direct application to the ISP or its associated transmission and REZ planning. AEMO incorporates social licence considerations throughout its transmission planning process, as highlighted in the 2025 <i>Electricity Network Options Report</i> and Appendix A8 Social Licence.

Theme	Recommendation	AEMO response
State alignment and policy consistency	- Proactively engage with regulators and the energy ministers to provide more stringent requirements on policies based on a requirement for supporting business cases in line with Productivity Commission recommendations. - To improve AEMO's visibility of non-scheduled generation, increase attention, resourcing and pace to achieve the CER Roadmap recommendations and actions and identify areas that require additional attention within the CER Roadmap, for example, community energy, mid-scale generation and storage in the distribution network.	- AEMO must consider the jurisdictional policies in the AEMC Emissions Targets Statement and may consider other policies that meet the relevant criteria in the NER. AEMO is currently engaging with the AEMC on its Review of the ISP framework and rule change process considering the treatment of jurisdictional policies in the ISP. - AEMO notes the Panel's feedback and is committed to improving future Demand Side Factor statements which will continue to develop and expand in scope within the NER ISP framework.
Storage and batteries	In forecasting and optimisation modelling, consider the potential competition between the growing size and capacity of grid-sized batteries (BESS) and gas generation to ensure the efficient, lowest cost delivery of reliability and security of supply services.	AEMO's least-cost optimisation model does incorporate the competition between grid-scale batteries and gas generation, and forecasts dispatch based on whether batteries or GPG provides the more efficient supply and reliability. Declining costs of emerging technologies, such as longer duration battery storages, are projected to lead to them becoming a more attractive option over time. AEMO's modelling does not consider the profitability or viability of GPG investments when other forms of firming are available.
Transmission network developments and specific projects	Proceed with the proposal for further investigation of QNI [Connect] and, if relevant, confirm the total NEM-wide costs of the transition with and without QNI [Connect], including the impact on emissions and emissions budget.	- While QNI Connect was identified as being needed at an actionable timing in the Draft 2026 ISP (at the March 2034 timing proposed by proponents Transgrid and Powerlink), AEMO has identified QNI Connect as a future ISP project in the final 2026 ISP (in 2041-42 under <i>Step Change</i>). - This shift is primarily due to updated coal flexibility assumptions in Queensland and the increased commitment of battery projects in both New South Wales and South East Queensland since the preparation of the Draft 2026 ISP, delaying the need for the transmission investment. Further details about the cost benefit analysis informing the QNI Connect future ISP project outcome can be found in Appendix A6 Cost Benefit Analysis. Further analysis of QNI Connect will be undertaken for future ISPs before QNI Connect moves into an actionable timeframe. At that point, AEMO will be able to do more detailed analysis using the latest market and network information, including the final scope for the New England REZ Network Infrastructure Project which is a pre-requisite for QNI Connect. - The ISP assessment indicates that emissions targets in the NEM can be met under the ODP for the final 2026 ISP, including with QNI Connect at future ISP project status.
Other	Make clear the additional cost to consumers by extending the life of coal-fired power stations by 11 years compared to the 2024 ISP.	The coal closure trajectory in the 2026 ISP is not a single isolated change from the 2024 ISP. It reflects a broader re-assessment of the system using updated inputs, assumptions and policy settings, including changes to coal operating assumptions, closure timing, demand, consumer energy resources, technology and fuel costs, and committed and anticipated projects. As a result, AEMO cannot attribute a single additional cost to consumers to coal retirement timing alone, because the 2026 ISP outcomes reflect the combined effect of multiple changes across the system.

4.1.1 ISP Consumer Panel recommendations for the 2028 ISP and beyond

Theme	Recommendations	Action
Consumer energy resources	Progressively improve AEMO's database on VPP take up by consumers and VPP impacts on energy markets for the 2028 Demand Side Factors statement and beyond.	AEMO acknowledges that VPP participation data availability is scarce but that this should improve over time. AEMO is working with retailers through existing Standing Information Request processes to obtain more regular participation insights. Future Demand Side Factor statements will further develop and expand the analysis of the role and impacts of CER coordination.
Distribution networks and distribution-level solutions	In the 2028 Demand Side Factors statement include discussion about what needs to be done to enable much better take up of energy efficiency than is currently forecast.	AEMO notes the Panel's feedback and is committed to improving future Demand Side Factors statements, and to working with governments on the upcoming Demand-side Statement of Opportunities. AEMO notes it has included a higher energy efficiency uptake sensitivity in the final 2026 ISP. The details of the sensitivity analysis can be found in Appendix A9.
	Given the opportunities for energy storage, AEMO and other market bodies should take into consideration that: • ISPs up to and including the 2026 ISP will have provided sufficient guidance for the development of the future transmission system, • from 2028, an ISP limited to actioning network projects is no longer fit for purpose to meet the needs of consumers and the climate as enshrined in the NEO and NGO, and • it is essential future system planning guides a co-optimised plan for storage, generation, the demand side and networks, so the 2028 ISP needs to be refocused as a genuine whole-of-system plan.	AEMO notes the Panel's recommendation. These matters may be considered under the ongoing AEMC review of the ISP framework.
	Add a distributed energy scenario to the 2026 ISP scenarios, utilising updated demand side factors data and related inputs.	This recommendation is noted and AEMO will consider it for scenario development in the 2027 IASR.
Economics, cost-benefit and finance parameters	Prior to the 2028 ISP, seek a review of the AER's <i>Cost Benefit Analysis Guidelines</i> to see whether it is appropriate for assessing options in the ISP, noting that in the context of the ISP the counterfactual development path is barely credible and demand side actions are not included as an option to address the 'no transmission' development path.	AEMO notes the Panel's recommendation and will consider how it factors in demand-side factors and actions as part of the counterfactual path for the 2028 ISP. The choice of 'no transmission' counterfactual is important under the current regulatory framework to support any business case for new transmission investment. While changes to the regulatory framework, including to the AER's <i>Cost Benefit Analysis Guidelines</i> , fall outside of the scope of the ISP, the AEMC is conducting a major Review of the ISP Framework that considers the economic assessment process ¹⁹ . The AEMC will soon commence a Network Regulation Review, which will consider how the regulatory framework remunerates NSPs ²⁰ .

¹⁹ See <https://www.aemc.gov.au/market-reviews-advice/review-integrated-system-plan-framework>.

²⁰ See <https://www.aemc.gov.au/market-reviews-advice/electricity-network-regulation-review>.

Theme	Recommendations	Action
Engagement, social licence and regional/workforce impacts	In future planning for new transmission lines and REZ areas, trial conducting key informant interviews with representatives from local government, local land services and local Aboriginal registered parties to verify, fill gaps and add granularity to existing land use data.	AEMO acknowledges the Panel's views and notes that this suggestion has been raised and considered by AEMO previously. AEMO has also engaged the Panel on this issue. While specific project-level engagement is the responsibility of jurisdictions and project proponents, AEMO is open to and keen to hear more from regional voices through representation on AEMO's public engagement forums, webinars, and advisory groups.
Gas role, fuel supply and infrastructure	In the final ISP, consider the impact of recent developments in the regulation of the east coast gas market, including the proposed gas reservation policy on the cost and availability of gas, including whether the domestic reservation policy disconnects the wholesale price of domestic gas supply from the international LNG market prices.	While noting the Panel's recommendation, AEMO has not modelled the gas reservation policy in the final 2026 ISP as it remains under consultation at the time of publication, or any other items from the Gas Market Review without clear indication of policy implementation and settings.
	Undertake further assessment of the impact of proposed options on domestic gas pricing prior to the final 2026 ISP.	AEMO is unable to undertake a further assessment of the impact of its proposed options on domestic gas pricing before publication of the final 2026 ISP. In the time available for further modelling between the draft and final ISP, AEMO prioritised the 2026 GSOO inputs and assumptions updates for the final 2026 ISP, which reduced the relevancy of price analysis from the Draft 2026 ISP. AEMO will consider how best to assess gas price impacts for the 2028 ISP, recognising that a GSOO will be published between the Draft ISP and final ISP.
Modelling framework and sensitivities	Undertake enhanced modelling of energy efficiency opportunities for the 2028 ISP, including which energy efficiency options give best (cost-effective) outcomes for the energy system and consumers for the 2028 Demand Side Factors statement.	AEMO notes that the 2026 ISP includes the <i>Lower Energy Efficiency</i> and <i>Higher Energy Efficiency</i> sensitivities, which explore the impact of reduced and increased customer investments in energy efficiency, respectively, relative to <i>Step Change</i> . AEMO is committed to improving future Demand Side Factor statements which will continue to develop and expand in scope within the NER ISP framework. AEMO is also continuing to collaborate with governments to develop the Demand-side Statement of Opportunities that will support identification and quantification of demand-side opportunities, including energy efficiency investments, that enable decarbonisation, support energy system reliability and security, and lower the cost of the energy transition.

5 Detailed feedback

AEMO identified more than 450 individual points of feedback across 74 submissions to the Draft 2026 ISP (including confidential submissions). This section provides a summary of material issues raised in stakeholder submissions, and AEMO’s response to each issue, sorted into 13 broad categories.

5.1 Transmission network development

5.1.1 Summary of material issues raised in submissions and AEMO’s response

Submissions on transmission network development tended to focus on specific projects and their inclusion in the ODP. Several stakeholders expressed support for, or questioned, the inclusion of particular projects or sets of projects in the Draft ODP, with many stakeholders providing commentary and information to support their positions. Some stakeholders requested adjustments to modelling or inputs and assumptions to ensure the value of specific projects was accurately captured in the ISP. In response to this feedback, AEMO updated options, costs, and network representation in the model wherever needed through joint planning with transmission network service providers (TNSPs) and jurisdictional planning bodies, and undertook further modelling to ensure that projects in the ODP deliver value to consumers.

Stakeholder feedback	AEMO response
Northern Transmission project (NTx)	
Multiple South Australian stakeholders expressed support for the Northern Transmission Project (NTx) progressing and remaining actionable in the 2026 ISP, including ElectraNet and SACOME . ElectraNet recommended that NTx be staged and that early works continue for the project. Windlab suggested that NTx would unlock high quality (Northern SA REZ) wind resources in South Australia, noting the recent formal declaration of the <i>Whyalla West Release Area</i> , and Magnetite Mines suggested that NTx would support the development of a major new greenfield resources province in Australia. The ISP Consumer Panel expressed interest in better understanding the net market benefits of NTx.	The 2026 ISP finds that forecast demand growth in South Australia can be met over the medium term through a combination of grid-scale storage, renewable generation, and improved utilisation of the existing transmission network. Within the ISP optimal development path, NTx is identified as a future ISP project that may become actionable under scenarios with strong demand growth (for example, in <i>Accelerated Transition</i> in the early 2040s) (for details, see Appendix A5 Network Investment). Extensive engagement and joint planning was undertaken between AEMO, ElectraNet and the South Australian Government after the release of the Draft 2026 ISP. This engagement and joint planning led to the following input changes for the final 2026 ISP: • Removal of the 2024 ISP’s candidate ISP option for the project, ‘MN1 Option 1’ (connecting from Bunday to the existing Para substation), which was identified as being ‘not commercially feasible’ by ElectraNet in its NTx Project Assessment Draft Report (PADR) released in April 2026. • Increase of the cost of ElectraNet’s preferred option for the project, ‘MN1 Option 2’ (connecting from Bunday to a new site around Bolivar or Dry Creek), from \$800 million (\$2025) to \$1,429 million (\$2025) to align with cost estimates prepared by ElectraNet and applied in its PADR released in April 2026. AEMO compared ElectraNet’s estimate to a cost estimate for the same scope developed in AEMO’s Transmission Cost Database (TCD), finding that ElectraNet’s estimate was within the accuracy band of the TCD estimate (±50%).

Stakeholder feedback	AEMO response
	• Updates to the 'MN1' group constraint to include terms for the S2 Riverland REZ and Murraylink interconnector, and therefore allow the ISP model to observe any projected constraints on those parts of the power system. Introduction of a new 'MN2' group constraint²¹ to reflect the expected most binding contingency on the 275 kV network with additional wind connection in S3 Mid North SA REZ, and therefore allow the ISP model to better distinguish any project constraints on those parts of the power system. • Extension of the application of the South Australian Renewable Energy Target for net 100% renewable energy to apply in perpetuity from 2027 across the modelling horizon (rather than in 2027 only), based on advice from the South Australian Government. • Adjustment of the locational allocation of green commodities electrolyser load in <i>Accelerated Transition</i> in South Australia to align with South Australian Government advice. • Reduction in the limit for new mid-scale generation and storage to be built in the model within the distribution network in the Central South Australia sub-region of the model, following advice from ElectraNet and confirmed through consideration of SA Power Networks' Distribution Annual Planning Reports information. • Inclusion of a new entrant battery limit of 1 GW for capacity close to Adelaide, based on joint planning with ElectraNet (see details below). AEMO undertook extensive analysis to confirm the future ISP status of NTx. This included consideration of the <i>Higher Demand</i> sensitivity (which incorporated ElectraNet and South Australian Government views on likely future industrial load and data centre connections, and is broadly consistent with the stakeholder submissions noting potential new industrial and data centre load in the north of South Australia) and no uptake of mid-scale generation in the distribution network – see Appendix A6 Cost Benefit Analysis. Time-sequential market modelling was also conducted to examine the reliability outcomes with and without the project, applying detailed transmission constraints normal for reliability assessments and providing more granularity than is possible within the capacity outlook model. AEMO considers that the 2026 ISP appropriately considers the high-quality wind resources in the Northern South Australia REZ (and other REZs) given wind trace changes made as part of the 2025 IASR in response to industry and stakeholder feedback. AEMO has checked that the existing South Australian REZ footprints and resource limits already allow for additional generation to be built in the model in the vicinity of the proposed <i>Whyalla West Release Area</i>. AEMO has assessed that the new release area is already sufficiently represented in the nearby Northern SA (S5) REZ. Results show these updated resource limits for wind and solar are not reached, apart from additional solar being planted from 2046-47 in the <i>Accelerated Transition</i> scenario. AEMO will continue to monitor outcomes of the South Australian Government Call for Tenders for these release areas to ensure alignment in future planning publications. Given the project remains on the ODP and there is an active regulatory investment test for transmission (RIT-T), AEMO considers ElectraNet should continue the RIT-T. This will allow further assessment of local factors, system resilience, option value, future load development, and additional credible options. Continuing community engagement may also help to narrow the corridor and reduce uncertainty for affected communities, while ensuring community considerations are reflected in future planning and decision-making. Stopping and restarting engagement can be disruptive, may erode trust, and could make it more difficult to build and maintain social licence for the project over time.
SA DEM requested that non-transmission alternatives to NTx be assessed carefully for feasibility (gas supply infrastructure, substation capacity, network augmentations, construction timelines).	As part of the analysis noted in the AEMO response above to NTx feedback from stakeholders, AEMO assessed candidate development paths (CDPs) without NTx options in all scenarios for the final ISP assessment. AEMO found that forecast demand growth in South Australia can be met over the medium term through a combination of grid-scale storage, renewable generation, and improved utilisation of the existing transmission network. AEMO found that NTx is a future ISP project identified as needed in the 2040s under the <i>Accelerated Transition</i> scenario.

²¹ Further information on group constraints can be found in Appendix A3 Renewable Energy Zones and on p.23 of the *ISP Methodology* at https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2024/2026-isp-methodology/isp-methodology-june-2025.pdf.

Stakeholder feedback	AEMO response
	AEMO reflected natural gas supply limitations in South Australia by applying daily gas fuel limits associated with gas development projections. The impact of different projections on the gas-powered generation build, including a projection where there is an underinvestment in new gas supply and infrastructure, is discussed in Appendix A10 Gas Development Projections. While the Draft 2026 ISP noted that additional pipeline infrastructure would be required to support the build of gas-powered generation in Northern South Australia, the final 2026 ISP's ODP does not include any gas-powered generation in this sub-region. Construction timings for generation, storage and network investment options were applied consistent with those consulted on through the 2025 IASR and 2025 <i>Electricity Network Options Report</i>. The 2026 ISP also includes 1.8 GW of utility-scale battery storage in South Australia that was newly classified as anticipated or committed status in the January 2026 Generation Information update, with commissioning timing consistent with current expectations for these projects. In addition, the <i>Step Change</i> scenario projects around 560 MW of eight-hour utility-scale batteries (270 MW assumed close to Adelaide and 290 MW in the Mid-North South Australia REZ) by 2029-30 to satisfy the South Australian Firm Energy Target²² (FET). Finally, as part of the <i>Higher Demand</i> sensitivity undertaken for the final 2026 ISP, over 7 TWh of annual South Australian data centre load was modelled by 2029-30, including for projects covered in recent data centre announcements. The results of this sensitivity did not change the ODP. See Appendix A2 and Appendix A6 for further details on this sensitivity.
In relation to modelling NTx, ElectraNet recommended that a five-node South Australian network representation is adopted in core run and sensitivities, and recommended that expected network congestion between the Mid-North and Adelaide is incorporated into AEMO's modelling.	AEMO has jointly planned with ElectraNet the representation of the South Australian network in the ISP model, and AEMO has ultimately decided to represent the network based on: 1) the maximum flows that can be supported between Mid North SA and Adelaide via the MN1 constraint, and 2) the most binding 275 kV contingency with expected future planting of wind and solar concentrated at Bunday and Robertstown, via the MN2 constraint. Regarding ElectraNet's recommendation for a five-node SA network representation, AEMO's review of the binding constraints affecting flows between the Mid North SA and Adelaide found that these constraints are driven primarily by Mid North South Australia REZ wind output, flows from sub-region Northern South Australia to Central South Australia, and Project EnergyConnect and Murraylink imports to South Australia. Adding a Mid North South Australia sub-region (equivalent to adding a "node" in AEMO's ISP methodology) would allow Mid North South Australia demand to be represented separately to the rest of the Central South Australia sub-region. However, as the MN1 and MN2 constraint limits have been derived under average South Australia demand conditions, and Mid North South Australia demand is relatively low compared to other ISP sub-regions, AEMO considers the three sub-region representation for the 2026 ISP is appropriate. AEMO has compared the 2026 ISP South Australia network representation (particularly MN1 and MN2) to transmission constraint binding performance data from operational dispatch over the last year and found reasonable alignment in binding hours and renewable generation curtailment. AEMO also analysed power flows using load flow analysis and did not find evidence that a five-node SA model would be an improvement in terms of NTx-related network representation to the 2026 ISP's three-node SA model with additional REZ group constraints.
ElectraNet recommended publication of locational assumptions for storage or industrial loads affecting South Australian outcomes.	For the 2026 ISP, AEMO has published large-scale storage locations for each CDP by region, sub-region and REZ. This information is available in the 2026 ISP generation and storage outlook workbook. Regarding updated assumptions for the final 2026 ISP, AEMO has assumed a new entrant battery limit of 1 GW for any new batteries to be installed in the Adelaide area and its nearby surrounds (modelled as a limit on how many

²² At the time of inputs being finalised for the final 2026 ISP, the South Australia Firm Energy Reliability Mechanism (SA FERM) tender 1 results (<https://asl.org.au/-/media/services/files/sa-ferm/tender-round-1/260529-sa-ferm-t1-tender-outcomes-market-briefing-note>) had not yet been released, so the firm capacity requirement was based on the South Australia Firm Energy Target, rather than actual projects. The 2026 ISP includes 565 MW of eight-hour batteries to meet the South Australia Firm Energy Target, while SA FERM tender 1 results have awarded Firm Energy Reliability Mechanism Agreements (FERMAs) for projects with a Committed Output Capacity of 517 MW (the projects must be able to dispatch this capacity for eight hours during lack of reserve (LOR) 2 and LOR 3 events).

Stakeholder feedback	AEMO response
	batteries can be built in the Central South Australia sub-region in the model, while still allowing batteries to be built in the REZs connected to Central South Australia in the model). This limit is consistent with ElectraNet's advice for the Metropolitan Adelaide area of their network, provided via joint planning, and excludes existing, committed and anticipated battery projects. For large industrial loads, grid-connected green commodity electrolyser load (GWh) in <i>Accelerated Transition</i> is assumed to be located 10% in South East SA REZ (S1), 30% in Mid North SA REZ (S5), 50% in Northern SA REZ (S5), and 10% in Eastern Eyre Peninsula REZ (S7), consistent with advice from the South Australian Government. The load forecasts applied for the 2026 ISP can be downloaded from the 2026 ISP website.
QNI Connect	
Stakeholders expressed support for further analysis of QNI Connect to inform its project status in the final 2026 ISP. The ISP Consumer Panel supported further investigation of QNI Connect and requested confirmation, if relevant, of the total NEM wide costs of the transition with and without QNI, including the impact of this on emissions and emissions budget. Powerlink requested deeper analysis of QNI Connect value drivers to inform RIT-T and option refinement and recommended that QNI Connect only retain its actionable status if it remains low-regrets under uncertain future system outcomes. Powerlink expressed support for an iterative joint planning approach with AEMO. Transgrid supported QNI Connect retaining actionable status, however, supported further analysis, incorporating updated NSW and Queensland policy developments, to ensure QNI Connect only progresses if and when it is in consumers' best interests.	While QNI Connect was identified as being needed at actionable timing in the Draft 2026 ISP (at the March 2034 timing proposed by proponents Transgrid and Powerlink), AEMO has identified QNI Connect as a future ISP project in the 2026 ISP (in 2041-42 under <i>Step Change</i>). Future projects are forecast to be actionable in the future in at least one scenario. This shift is primarily due to updated assumptions that coal generation in Queensland will invest in maintaining condition and longevity rather than improving flexibility, and the increased commitment of battery projects in both New South Wales and South East Queensland since the preparation of the Draft 2026 ISP. These changes have resulted in a delay to the need for the transmission investment. Further details about the cost benefit analysis informing the QNI Connect future ISP project outcome can be found in Appendix A6 Cost Benefit Analysis. AEMO engaged in joint planning with Transgrid and Powerlink to assess the earlier Draft 2026 ISP results relating to QNI Connect, and to discuss and confirm the final future ISP project status of QNI Connect.
VNI West	
Snowy Hydro and Transgrid recommended the acceleration of VNI West. Transgrid supported assessment of early delivery of the New South Wales components of VNI West that would allow access to generation and storage in the South West NSW REZ. Transgrid stated that this earlier access would allow for earlier delivery of benefits and reduce risk of late delivery of the project. Snowy Hydro recommended exploring options to deliver VNI West earlier than 2031, noting the insurance value provided in the case of earlier than anticipated coal closures or delayed renewables build. Snowy Hydro also supported VNI West moving towards committed status in the ISP as soon as possible.	AEMO has identified VNI West as an actionable ISP project in the final 2026 ISP, with further details available in Appendix A6 Cost Benefit Analysis. AEMO has identified the full project as actionable – both the components allowing access to generation and storage in the South West REZ and the expansion of the interconnector between New South Wales and Victoria – at the project proponents' timing (Transgrid and VicGrid) of November 2031 for the full capacity release of the interconnector. In June 2026 the NSW Government announced²³ investment to support critical grid upgrades for the South West NSW REZ. This investment will ensure the timely delivery of network infrastructure required to support Access Right Holders connecting to the system. Transgrid and VicGrid are progressing project development through their respective regulatory frameworks, where delivery phasing, timing, and cost recovery are assessed in detail. AEMO will continue to reflect updated project information from proponents in future ISP iterations. AEMO considered stakeholder proposals to assess phased delivery of VNI West and other actionable projects, including the potential to better align delivery with real-world constraints. AEMO assessed this option against the role of the ISP as a system planning framework, and on balance

²³ See <https://www.energyco.nsw.gov.au/225-million-south-west-rez-investment-secure-nsw-energy-future>.

Stakeholder feedback	AEMO response
	did not incorporate phased delivery within ISP modelling, as project sequencing and implementation detail are determined through jurisdictional regulatory processes. Regarding VNI West's commitment status, AEMO will continue to regularly reassess the project's status against the project commitment criteria for anticipated and committed projects, consistent with the AER's RIT-T Guidelines and <i>Cost Benefit Analysis Guidelines</i>. The assessment will be based on information provided by project proponent(s), with status updates provided approximately every six months on the AEMO Transmission Augmentation Information web page. At present, VNI West has not met the threshold for either committed or anticipated status.
Syncline Energy recommended that VNI West be characterised as a functional requirement in the ISP rather than a prescriptively defined project. Syncline Energy proposed its own project, the Syncline Community Cable, as a viable alternative. This would be a 525 kV high voltage direct current (HVDC) link to Melbourne through peri-urban areas.	Options for meeting the identified need for the VNI West project have been publicly consulted on and prosecuted through successive ISPs and through RIT-T assessments undertaken by project proponents Transgrid and VicGrid (previously AEMO Victorian Planning). AEMO has deferred to the project proponents' scope for the VNI West project in the 2026 ISP (and its supporting consultation in the 2025 <i>Electricity Network Options Report</i>) given the extensive consultation processes undertaken in both jurisdictions.
Windlab recommended that the ISP consider augmenting VNI West to more fully utilise the South West REZ.	AEMO engaged with Transgrid and EnergyCo to update the network representation of South West REZ and Broken Hill REZ between the Draft 2026 ISP and the final 2026 ISP. This is because the representation in the Draft ISP was unable to appropriately capture and assess some of the more cost-effective SW REZ expansion options that have now been considered in the final 2026 ISP. AEMO changed the network representation by updating the SWNSW2 group constraint, which represents network limitations around Dinawan following the VNI West augmentation. The update changes the right-hand side of SWNSW2, so it reflects the limitations of the Dinawan 500/330 kV transformers, rather than only the downstream 500 kV network assumed in the Draft ISP. This better reflects the generation connecting in South West REZ after VNI West, which is expected to connect on the 330 kV network. As a result, the final 2026 ISP sees additional cost-effective generation and storage being accessed from South West NSW REZ.
Sydney Ring South	
Many stakeholders expressed support for the 500 kV option for Sydney Ring South. Transgrid supported the inclusion of the 500 kV option as a future ISP project, noting the benefits this would provide in unlocking New South Wales REZs and new firming capacity. International Hydropower Association also supported the 500 kV option and noted that it would provide sufficient hosting capacity for Snowy 2.0, unlike the power flow control option. Windlab suggested that the benefits of the south-west Sydney data centre be included in the assessment of the Sydney Ring South 500 kV option if not already included. Malcolm Park stated that despite the project being "vital", Transgrid has not yet secured easements for the 500 kV option. Syncline Energy recommended that HVDC be considered as an alternative technology for both Sydney Ring South project options.	Regarding Snowy Hydro and International Hydropower Association's feedback, AEMO has identified the 500 kV option for Sydney Ring South as actionable, as well as the power flow control option which was actionable in the 2024 ISP. Benefits of the complete project (including both options) are driven by generator and storage capital deferral savings, and allows for greater utilisation of existing hydro, mid-merit gas generation, offshore wind capacity (which built as part of the Victorian Offshore Wind Target), and solar in Central New South Wales to service demand in Sydney, Newcastle and Wollongong. Regarding Windlab and Transgrid's recommendations for Sydney data centre demand, AEMO tested the impact of an additional data centre forecast within the Sydney, Newcastle & Wollongong load centre as part of the <i>Higher Demand</i> sensitivity to ensure that the ODP in the 2026 ISP remains robust should there be increased demand due to data centre growth. In particular, the sensitivity analysis found that there is greater benefit in delivering the set of transmission projects in the ODP, including the 500 kV option for Sydney Ring South, if data centre growth is higher than assumed across the scenarios. Further detail on this sensitivity is available in Appendix A6 Cost Benefit Analysis. Regarding Syncline Energy's feedback, AEMO consulted on options for the Central New South Wales (CNSW) to Sydney, Newcastle and Wollongong (SNW) flow path in the Draft 2025 <i>Electricity Network Options Report</i> consultation, and shortlisted options with Transgrid as the relevant joint planning body. Further options, for example HVDC as an alternative technology, may be proposed and considered through the consultation process that Transgrid will undertake for the project RIT-T. In response to Malcolm Parks's feedback, AEMO notes that Transgrid may explore easement acquisition and consultation as part of its stakeholder engagement and RIT-T process.

Stakeholder feedback	AEMO response
	Transgrid released a PADR on 29 May 2026 ²⁴ and is calling for views from stakeholders, with submissions due by 28 August 2026. Stakeholders can engage on detailed option assessment for the project through that RIT-T process.
Squadron Energy recommended that the timing of the Sydney Ring South 500 kV option be brought forward due to the resilience benefits this would unlock.	AEMO notes that the optimal timing of the 500 kV option for Sydney Ring South has been identified as earlier in the 2026 ISP compared to the Draft 2026 ISP, and that the project is now 'actionable'. AEMO retested the optimal timing of Sydney Ring South for the 2026 ISP, and notes that the earliest feasible timing is limited by the lead time advised by the project proponent.
Snowy Hydro cautioned that the Sydney Ring South power flow control option would not resolve the existing bottleneck in Bannaby and would result in constrained generation from the South. Malcolm Park stated that the power flow control option does not work electrically.	In response to Snowy Hydro, AEMO notes that while the power flow control option would not add additional transfer capacity to the transmission corridor between Bannaby and Sydney West substations, it would improve power flow sharing between the northern and southern segments of the transmission flow paths that supply the Sydney, Wollongong and Newcastle load centres. This would allow more power from either the north or the south at certain times, subject to market dispatch outcomes. AEMO considered Malcolm Park's concern regarding the electrical performance of the power flow control option and has assessed the available evidence. Based on this assessment, AEMO considers the option to be technically feasible, and should continue to be evaluated by Transgrid in their RIT-T. AEMO notes that Transgrid released its PADR for the project in May 2026 and consultation is ongoing for this project, with stakeholder submissions welcomed by Transgrid by 28 August 2026.
CIS expressed concerns that only the power flow control option had been assessed in the ISP, criticising the ISP's preclusion of consideration of alternative or supplementary options.	Regarding CIS' feedback on alternatives to a power flow control option, AEMO considered multiple options for augmentation of the Central New South Wales (CNSW) to Sydney, Newcastle and Wollongong (SNW) flow path augmentations when consulting on the 2025 <i>Electricity Network Options Report</i>. For the final 2026 ISP, AEMO tested CDP options with a combination of the power flow control option, the 500 kV option, or both options. In addition, AEMO always calls for provision of alternative options or non-network options through the IASR and <i>Electricity Network Options Report</i> consultation process, and AEMO called for non-network options when the Sydney Ring South project was first identified as actionable in the 2024 ISP, consistent with requirements under the NER. While no non-network options were included for this flow path in the 2025 <i>Electricity Network Options Report</i>, there will be opportunities for non-network alternatives to be proposed and considered through Transgrid's RIT-T, with submission details available on Transgrid's website for the RIT-T.
Snowy Hydro recommended against currently listed timeframes for the Sydney Ring South power flow control option in the ISP, stating that the advised earliest full capacity timing in the Draft 2026 ISP would not account for coal closures.	AEMO has applied the earliest in-service dates for transmission augmentation options as provided by project proponents, as they are most familiar with project delivery timelines. While AEMO has the ability to review and change these project lead times where appropriate, AEMO has not made a change in the case of options for Sydney Ring South. The ISP assessment includes consideration of forecasted coal closure times (while also applying the three-and-a-half-year notice window required before a coal generator proponent may close their plant) and identifies a combination of generation, storage and network investments to optimally meet consumer demand and government policies through to 2050.
Project Marinus	
TasNetworks and Marinus Link expressed support for Project Marinus Stage 1 retaining its anticipated status in the final 2026 ISP; and for Stage 2 retaining its actionable status.	AEMO confirms that Project Marinus Stage 1 is an anticipated project and that Project Marinus Stage 2 is an actionable project in the 2026 ISP. Further information on project status and the criteria that must be met for projects to be categorised as anticipated or committed is available in

²⁴ Transgrid, *Sydney Ring South Project Assessment Draft Report*, 29 May 2026, at <https://www.transgrid.com.au/projects-innovation/sydney-ring-south/>.

Stakeholder feedback	AEMO response
	the glossary of the <i>Cost Benefit Analysis Guidelines</i> . More detail about network projects is available at Appendix A5 Network Investment; committed and anticipated projects are set out at Section A5.2 and actionable projects are set out at Section A5.3.
TasNetworks noted that costs may have been duplicated across Project Marinus Stage 2 and the North West Tasmania REZ and expressed support for AEMO's proposed method of correcting this.	AEMO thanks TasNetworks for its feedback on potentially duplicated costs included in both the North West Tasmania REZ and Stage 2 of Project Marinus and notes that the cost representation has been corrected for the final 2026 ISP. As a result, a Tasmania REZ project was identified as actionable for the final 2026 ISP, identifying the need for capacity to allow cost-effective generation from Tasmanian REZs to meet demand. This change has meant that the Waddamana to Palmerston Transfer Capability Upgrade project to access supply from the Central Highlands REZ is one potential option in an actionable project that now has a broader scope, while also being identified as a future ISP project in <i>Accelerated Transition</i> . TasNetworks has confirmed they will prepare a PADR to consider options to meet the Tasmania REZ Expansion project need, which is broader than the previous Central Highlands REZ need.
New England REZ network infrastructure project	
NSW DCCEEW and Transgrid recommended that the latest available information from EnergyCo on New England REZ stages 1 and 2 be incorporated into the final 2026 ISP, suggesting that the New England REZ network infrastructure project should be a single stage instead of two stages.	Following the release of the Draft 2026 ISP, EnergyCo advised AEMO that the New England REZ Network Infrastructure Project earliest in service date has changed from July 2032 to January 2034, that the project will be delivered in a single stage rather than two, and that the scope is currently broadly the same as that modelled for the Draft 2026 ISP. These changes have been included in the modelling for the final 2026 ISP. The project is now categorised by AEMO as anticipated, based on information provided by the New South Wales government ²⁵ , and is progressing under the <i>Electricity Infrastructure Investment Act 2020</i> (NSW). AEMO has received information from the New South Wales government confirming that: the project is a Critical State Significant Infrastructure project; the procurement processes of the project are progressing with the first tender stage for engaging a network operator now complete and the procurement begun for identifying a development finance entity; and AusEnergy Services will consider authorisation of the project later in 2026. AEMO has considered the project against the committed and anticipated criteria set in the AER's RIT-T Guidelines and <i>Cost Benefit Analysis Guidelines</i> and has determined that, based on this information, the project has reached 'anticipated' status. As such, the project is treated as anticipated in the final 2026 ISP and its actionability is not re-assessed.
Other specific ISP projects	
BZE sought clarity on the Central Queensland to Southern Queensland Expansion, Option 5 flow path augmentation, and its categorisation as a future ISP project instead of actionable, noting that the 2025 <i>Electricity Network Options Report</i> identifies that a lead time of up to 10 years is required to deliver this augmentation.	AEMO has found that the larger Central Queensland to Southern Queensland Expansion (SQ-CQ Option 5) is not required on the ODP for the final 2026 ISP, as AEMO has now removed the linkage to Borumba pumped storage project that was included in the Draft 2026 ISP (it is no longer a pre-requisite for Borumba generation). Instead, the Brisbane Area 275 kV Reinforcement (SQ-CQ Option 7) is now an actionable ISP project. The Brisbane Area 275 kV Reinforcement is a small expansion of the network between southern and central Queensland that was previously assumed to progress outside the ISP framework. Following advice from Powerlink, the ISP's inputs that assume this project would proceed have been revised, and the upgrade has been identified as optimal.
Transgrid recommended that the Switching Station Near Wondalga project be progressed as 'actionable' in the 2026 ISP, to support system resilience and improved power flows across southern and central New South Wales.	AEMO identified the Switching Station Near Wondalga project as an actionable ISP project in the Draft 2026 ISP and it continues to be actionable in the final 2026 ISP. Since the Draft 2026 ISP, AEMO has updated the earliest in-service date for the project from July 2029 to April 2031 based on feedback from Transgrid. The project further enhances the transfer capability between southern New South Wales and central New South Wales by augmenting the three lines built by HumeLink.

²⁵ See the letter from Minister Sharpe regarding the New England REZ Network Infrastructure Project, at <https://www.aemo.com.au/energy-systems/major-publications/integrated-system-plan-isp/2026-integrated-system-plan-isp>.

Stakeholder feedback	AEMO response
Southerly Ten recommended that Stages 1 and 2 of the Gippsland Offshore Wind Transmission project be made actionable and urged timely delivery of Stage 1.	AEMO notes that both stages (Stage 1, Stage 2: Phase 1 and 2) of the Gippsland Offshore Wind Transmission project form an actionable Victoria project in the 2026 ISP and will progress under the <i>National Electricity (Victoria) Act 2005</i> (Vic) rather than the ISP framework. The benefits of this project are driven by the offshore wind targets under the Victorian Offshore Wind Policy. The project timing is informed by the earliest in-service date advised by the proponent. Further information on the project is available on VicGrid's website ²⁶ .
HILT CRC urged AEMO to ensure that the timing for the Gladstone Project and the Facilitating Power to Central Queensland project align with industrial decarbonisation schedules, noting the retirement of the Gladstone Coal Power Station and the need to access Central Queensland REZ as a replacement.	The 2026 ISP has accounted for the closure of the Gladstone Power Station by modelling alternative candidate sources of generation within Queensland and the rest of the NEM. For Central Queensland, the final 2026 ISP has found the Gladstone Project to be an actionable Queensland project that will progress under the <i>Energy (Infrastructure Facilitation) Act 2024 (Qld)</i>²⁷ rather than the ISP framework. The project is required to meet the forecast load in the Gladstone area in anticipation of the closure of the Gladstone Power Station. The 2026 ISP has identified the Central to North Queensland Reinforcement (Stage 1) as an actionable ISP project. This option was previously referred to as the 'Facilitating Power to Central Queensland' project, and was considered as a future project in the Draft 2026 ISP. The project allows generation in the Isaac REZ and Northern Queensland to supply Central and Southern Queensland, as well as increases the transfer capability between Central Queensland and Northern Queensland. These projects have earliest in-service timing that is provided by project proponents.
Syncline Energy recommended against the categorisation of Western Renewables Link as anticipated, stating that it has not yet met any of the five commitment criteria necessary for this.	AEMO notes that committed and anticipated projects in the ISP are defined consistently with the definition in the <i>Cost Benefit Analysis Guidelines</i>, which set out five criteria (site acquisition, components ordered, planning approvals, finance completion, and set construction timing). For a project to be classified as anticipated, it must <i>meet</i> or be <i>in the process of meeting</i> three of the five criteria. The Western Renewables Link (WRL) project has been assessed as being anticipated in the 2026 ISP. Similar to the approach for assessing generation and storage projects on the Generation Information Page²⁸, AEMO requests confidential information from proponents to determine their status on the Transmission Augmentation Information Page²⁹. AEMO confirms that WRL is in the process of meeting at least three of the five commitment criteria and is therefore classified as anticipated.
Snowy Hydro recommended that the timing be maintained for HumeLink.	HumeLink is a committed project for the draft and final 2026 ISP and AEMO confirms the project timing stated in the ISP is unchanged, being the earliest in-service date advised by the proponent.
New proposed projects	
The Collaboration Group (Tilt Renewables, Iberdrola Australia, Acciona Energía, Ark Energy, Squadron Energy and Voyager Renewables) recommended investment in Western New South Wales transmission infrastructure to support the establishment of a new inland REZ to unlock significant new renewables inland. The Collaboration Group stated that a staged approach would be possible, and that the regulatory and planning framework should support timely	AEMO welcomes this initiative from the Collaboration Group and its members to explore an inland New South Wales REZ. New South Wales joint planning for the 2025 <i>Electricity Network Options Report</i> led to the introduction of an additional New South Wales REZ called South Cobar REZ (N13), which is east of the Broken Hill REZ (N4). AEMO views these REZs as comparable for ISP modelling purposes. AEMO considered four possible transmission options to connect South Cobar REZ to Dinawan or Elong Elong and three options to connect Broken Hill to Project EnergyConnect in southern New South Wales.

²⁶ At <https://www.vicgrid.com.au/transmission-projects/gippsland-offshore-wind-transmission>.

²⁷ See <https://www.legislation.qld.gov.au/view/whole/html/inforce/current/act-2024-015>. This Act was previously titled the *Energy (Renewable Transformation and Jobs) Act 2024* (Qld).

²⁸ At <https://www.aemo.com.au/energy-systems/electricity/national-electricity-market-nem/nem-forecasting-and-planning/forecasting-and-planning-data/generation-information>.

²⁹ At <https://www.aemo.com.au/energy-systems/electricity/national-electricity-market-nem/nem-forecasting-and-planning/forecasting-and-planning-data/transmission-augmentation-information>.

Stakeholder feedback	AEMO response
delivery of this new transmission infrastructure. The Collaboration Group suggested that social licence could be achieved for this project through the use of community benefit-sharing and early community engagement including with First Nations groups. The Collaboration Group stated that it would work closely with AEMO to prepare the least-cost assessment to ensure that any transmission option meets AEMO's expectations.	The 2026 ISP did not identify any of these options to be optimal due to the significant cost of transmission infrastructure, relative to connecting generation in other parts of New South Wales or the NEM. Further engagement with Transgrid, EnergyCo, and the Collaboration Group before the 2027 IASR could see these transmission options be refined with updated cost estimates.
CEC and CEIG suggested that the significant market benefits of the New South Wales South West REZ are being limited by network constraints and recommended that augmentation options be revisited to better utilise the full potential of the South West REZ.	AEMO understands that CEC and CEIG would like to see consideration of further augmentation options in addition to those set out in the 2025 <i>Electricity Network Options Report</i>, which includes both non-network options and additional transmission options between Dinawan (South West New South Wales REZ) and Bannaby after HumeLink is completed. The 2026 ISP does not identify building additional transmission between Dinawan and Bannaby as being optimal. However, it does identify the Switching Station Near Wondalga as an actionable ISP project (see above) to increase the transfer capability between Southern New South Wales and Central New South Wales.
Windlab cautioned that local augmentation would not be sufficient to unlock 500 MW of solar and 1,000 MW+ of wind in the Broken Hill REZ region and that new transmission would be needed to enable this.	For the final ISP, joint planning with Transgrid and EnergyCo has helped AEMO refine the SWNSW2 group constraint that limits renewable generation without further downstream network augmentations in South West New South Wales. The final 2026 ISP identifies the third Dinawan transformer, considered as part of the VNI West project, is optimal. However, the final ISP does not find building additional solar and wind generation beyond existing levels in Broken Hill REZ (N4) is optimal, as the existing transmission is shared with South West New South Wales (N5) REZ.
Windlab recommended new transmission to connect Townsville and Gladstone to support the establishment of the Far North Queensland REZ and Northern Queensland REZ, which Windlab states are unlikely to reach financial close without additional transmission backbone.	The 2026 ISP modelled a series of transmission options to connect Central Queensland and Northern Queensland, and identified the Central to North Queensland Reinforcement (Stage 1) between Stanwell and Broadsound as an actionable ISP project, and Central to North Queensland Reinforcement (Stage 2) between Nebo and Bouldercombe as a future project. However, the options to extend network augmentations further north to Townsville were only identified as a future project in <i>Accelerated Transition</i>.
GE Vernova recommended exploring new transmission between the Northern Territory and Western Australia to unlock renewables and diversify the resource fleet.	The ISP scope is limited to the NEM, which does not include the Northern Territory or Western Australia. Therefore, this proposal is out of scope of the ISP.
Powerlink recommended that AEMO consider a targeted transmission augmentation option between Central Queensland and Northern Queensland, to better allow new generation to connect to load centres. Powerlink noted that transient stability limitations would be the dominant constraints limiting the flow path below thermal limitations. Powerlink requested that asset replacement cost savings be incorporated into the modelling of Central Queensland to Northern Queensland augmentation options.	AEMO has considered Powerlink's advice on transient stability constraints when setting the CQ-NQ reverse transfer limit for the final 2026 ISP, ensuring that both stability and thermal considerations are appropriately reflected in the modelling. AEMO has incorporated Powerlink's advice on asset replacement cost savings for the final 2026 ISP and has developed an approach to calculate the value of replacement expenditure that is expected to be avoided if the CQ-NQ Option 4 augmentation is delivered within the 2026 ISP modelling horizon. For the 2026 ISP, the cost value applied for CQ-NQ Option 4 reflects the augmentation cost less the value of replacement expenditure that is expected to be avoided – provided by Powerlink – if the augmentation is delivered. Further information on CQ-NQ Option 4 is available in Appendix A5 Network Investment.
Squadron Energy requested consideration of a transformer option for the Central-West Orana REZ (N3), stating that a transformer would avoid the need for more costly upgrades to the Elong Elong hub or Merotherie.	AEMO has considered this feedback and has not made this change. The design of the Merotherie substation has been consulted on through joint planning between AEMO, Transgrid and EnergyCo to manage large non-credible contingences when Central-West Orana REZ output is high. Further expansion of the Merotherie substation built as part of the committed Central-West Orana REZ Network Infrastructure Project is not

Stakeholder feedback	AEMO response
	credible to manage these risks. Further expansion of Central-West Orana REZ is therefore considered through a new substation, 'Merotherie B' (N3 Option 1), where additional transformers are located.
Modelling and approach	
HILT CRC recommended that the "option value" of large transmission projects should be considered in the ISP, specifically, the benefits that transmission projects provide not just in the electricity they transport but also in preventing fossil-fuel asset life extension and in unlocking economic opportunities for industrial users in the future.	AEMO understands that HILT CRC would like to see consideration in the ISP of the broader benefits provided to industrial users by transmission projects "unlocking" economic opportunities. The 2026 ISP acknowledges the importance of transmission to connecting the NEM and the criticality of electricity in the digital age. The 2026 ISP also acknowledges the potential for load growth, particularly in the industrial sector from larger users, through the <i>Higher Demand</i> sensitivity. This sensitivity assumes that additional load will occur from 2026-27 across the NEM. While AEMO has not specifically investigated the "option value" of transmission projects to industrial users, the <i>Higher Demand</i> sensitivity shows that transmission networks featured in the ODP provide net market benefits even when industrial load grows over and above what is assumed in <i>Step Change</i>. The <i>Constrained Delivery</i> sensitivity also underscores the need to commence and progress actionable projects in the ODP now. AEMO notes that, as HILT CRC suggests, higher demand due to large industrial load may favour an even more accelerated delivery of transmission augmentations than what is set out in the ODP. However, overall, the ODP remains robust as either the best or second-best CDP in weighted net market benefits for all six sensitivities assessed. Further exploration of the <i>Higher Demand</i> sensitivity and others is available at Appendix A6 Cost Benefit Analysis.
ANU Centre for Energy Systems recommended systematic screening for new HVDC and high voltage alternating current (HVAC) corridors when identifying new project options rather than relying on incremental upgrades by TNSPs.	AEMO considered new transmission options as a part of the 2025 <i>Electricity Network Options Report</i> , which consulted on both HVAC and HVDC options that may be proposed by third parties, or joint planned between transmission network service providers (TNSPs) and AEMO. For new conceptual transmission options, AEMO used a desktop estimate of the line route, which traversed Jacobs ³⁰ land complexity data to find the 'least complex path' between two electrical substations. This land use complexity assessment has been applied at the conceptual stage of potential transmission projects, and is not a substitute for the close engagement and consideration that would take place to potentially develop any particular transmission projects through delivery. AEMO welcomes proposals for new transmission options for the 2027 <i>Electricity Network Options Report</i> .
CSPER recommended adding a deliverability readiness flag to REZ projects to indicate whether they are adequately system strength conditioned or whether they require additional synchronous condensers or similar, as an additional metric to support interpretation of REZ rankings without altering the underlying scoring framework.	AEMO welcomes CSPER's suggestion to improve the 2026 ISP Appendix A3 Renewable Energy Zones REZ scorecards and forecast system strength indicators. However, the ISP projections already include provisions for addressing system strength services, both to meet minimum system requirements and to incorporate future IBR penetration. Further information is available in Appendix A7.
Transparency	
CSPER recommended that for large REZ-enabling transmission projects, the ISP explicitly state whether the project addresses energy transfer, system strength, voltage stability/dynamics, or a combination; and how these roles evolve with IBR penetration.	AEMO understands that CSPER would like to see greater information about the power system properties of REZ-enabling transmission network projects, by way of specifying in the ISP what operability need is met by specific projects. AEMO notes that it undertakes an integrated approach to energy market modelling, combined with relevant power system analysis, to develop an ISP that achieves power system needs as set out in the NER. For all actionable ISP projects, AEMO outlines an identified need in Appendix A5 which explains the drivers for the project.

³⁰ At https://aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2025/2025-electricity-network-options-report/jacobs-strategic-land-use-transmission-assessment-report.

Stakeholder feedback	AEMO response
Origin Energy and EnergyAustralia requested additional transparency on the curtailment outcomes associated with large transmission projects, requesting that the ISP explain such impacts for each network option.	AEMO's curtailment analysis is undertaken at the system and REZ level for combinations of investments rather than individual options. Due to the granularity of the ISP models, AEMO considers that it would not be appropriate to further disaggregate curtailment outcomes. This is because the market model does not contain the level of network representation required for this analysis. Further, curtailment outcomes can change due to a number of aspects and not just transmission upgrades, for example additional storage installation, new generation or generation retirement, as well as demand changes. Appendix A3 Renewable Energy Zones summarises network curtailment and economic spill. Further detail on VRE curtailment is provided in Appendix A4 System Operability, which details the drivers and impacts of curtailment.
GE Vernova recommended further transparency on the nodal and sub-regional outcomes of grid developments, including publication of locational dispatch, congestion, marginal loss factor trajectories, and voltage stability outcomes at a finer spatial resolution.	AEMO recognises the importance of transparency on nodal and sub-regional outcomes, and notes that more granular information on locational signals for current and medium-term outcomes is available in its ELI report.
Windlab requested clarity on whether any transmission augmentation options to the South Cobar REZ had been considered for the ODP and commented that the wind build limit for the Cobar REZ seems conservative.	Transmission augmentation options to establish the South Cobar REZ were considered by AEMO in the assessment of the ODP, however it was not selected as a cost-effective option compared to others. The available options for South Cobar REZ will be revisited with Transgrid, EnergyCo and through public stakeholder preparation for the preparation of the 2027 IASR and 2027 <i>Electricity Network Options Report</i> , to inform the 2028 ISP. AEMO notes that the wind build limit for the South Cobar REZ is based on the proposed geographical area by Transgrid. This could be larger, but the 2026 ISP did not identify any of the options to be optimal due to the estimated higher costs to build more than 360 km of new transmission, relative to connecting generation in other parts of New South Wales or the NEM.
Etrog Consulting requested a clear explanation of changes in transmission figures (length in km) between the 2024 and 2026 ISPs.	AEMO confirms that the overall extent of new transmission has reduced in the 2026 ISP compared to the 2024 ISP, with some projects being downsized or no longer needed in response to policy or other changes. Other projects were removed from the total as they have progressed to operation. By 2050, the 2026 ISP <i>Step Change</i> scenario forecasts in total 6,046 km of additional transmission (7,483 km was forecast in the 2024 ISP). This is comprised of (and compared to the 2024 ISP <i>Step Change</i> scenario): • 1,312 km of committed projects (up from 736 km): – Project Energy Connect Stage 1 progressed to commissioned: -165 km (200 km already commissioned). – Project Energy Connect total length has been revised from 936 km to 900 km: -36 km. – HumeLink, Central-West Orana REZ Network Infrastructure Project, Hunter-Central Coast REZ Network Infrastructure Project progressed to committed: +777 km. • 2,196 km of anticipated projects (up from 1,360 km): – Central-West Orana REZ Network Infrastructure Project progressed to committed: -330 km. – New England REZ Network Infrastructure Project and Project Marinus Stage 1 progressed from actionable to anticipated: +1,166 km. • 1,662 km of actionable projects (down from 3,675 km):

Stakeholder feedback	AEMO response
	– New England REZ Network Infrastructure Project³¹, Project Marinus Stage 1, Hunter-Central Coast REZ Network Infrastructure Project³² progressed to anticipated: -996 km. – HumeLink progressed from actionable to committed: -365 km. – Sydney Ring South 500 kV option, Central-West Orana REZ Expansion, Gippsland Offshore Wind Transmission Project, Brisbane Area 275kV Reinforcement have progressed to being actionable: +427 km. – QNI Connect, Second Tasmania REZ Expansion (previously Waddamana to Palmerston transfer capability upgrade), and Northern Transmission Project (previously Mid North South Australia REZ expansion) are deferred to future projects: -644 km. – Queensland SuperGrid South is no longer on the ODP: -492 km. – Minor scope revisions affecting transmission lengths to other previously actionable projects: +57 km. • 876 km of future projects (down from 1,712 km). 655 km of commissioned projects (up from 490 km in the 2024 ISP) are excluded from the total 6,046 km length.

5.2 Generation and storage projects

5.2.1 Summary of material issues raised in submissions and AEMO’s response

There was interest in the value of long-duration energy storage, which some stakeholders considered was not accurately expressed or modelled in the Draft 2026 ISP. Outside of this topic, stakeholders tended to comment on specific REZ developments, with many commenting on the need for alignment between developer interest and the generation mix as reflected in the ISP. In response to this feedback, AEMO updated fuel and technology cost inputs to reflect latest market data; prioritised the existing project pipeline to 2030 and reduced reliance on generic new entrants; and refined REZ constraints and transfer limits to better reflect access and network capability.

Stakeholder feedback	AEMO response
Recognising and modelling the value of long-duration storage	
Alinta Energy and Marinus Link recommended that the ISP recognise and better reflect the value of pumped hydro, including over other forms of long-duration storage, emphasising its unique ability to also provide system strength and inertia. Marinus Link in particular expressed concern that the	AEMO agrees that pumped hydro energy storages provide other services that inverter-based technologies do not currently provide such as system strength and inertia. Since the Draft 2026 ISP, and in the 2026 ISP, AEMO has explicitly modelled efficient system strength requirement for inverter-based generation technologies beyond what is existing, committed, and anticipated projects which requires the cost of system strength remediation be included when developing inverter-based technologies. This requirement is assumed to not be applied to synchronous pumped

³¹ Since the 2024 ISP, the New England REZ NIP scope has been revised, including extending to Northern Hub with an additional 170 km.

³² Since the 2024 ISP, the Hunter-Central Coast REZ NIP scope has changed from a switching station option to a sub-transmission line option with an additional 82 km.

Stakeholder feedback	AEMO response
ISP was not sufficiently accounting for the value of dispatchable and long-duration energy storage and recommended that this be revisited. Marinus Link noted that long-term modelling tends to undervalue deep storage due to assuming “idealised conditions” and recommended more thorough testing of less idealised conditions to better reflect the insurance value of long-duration storage. Marinus Link also commented that the absence of pumped hydro build in the optimal mix does not imply lack of system value.	hydro energy storages as it inherently provides system strength, and as such would not require additional remediation costs directly associated with system strength. As for storage depth, AEMO is technology agnostic, but treats storage depth as a key distinguishing feature between storage solutions. Appendix A4 System Operability explores various conditions that challenge the operability of the power system during periods of variable renewable energy (VRE) lulls, which is likely when deep storages and other dispatchable capacity will be most valuable to maintain reliability. The operability and reliability modelling for the final 2026 ISP projects that gas will be relied on to back up renewables and provide firming during VRE lulls. Longer periods of high demand and low renewable availability may lead to high utilisation of gas generation for these rare yet challenging events. AEMO acknowledges that the value of pumped hydro energy storage may increase if the total cost of gas infrastructure required to supply fuel to these GPG units was co-optimised between the electricity capacity outlook model and the gas supply development model, but this is beyond the scope the NER currently provides for the ISP. See Section 5.10 and Appendix A10 Gas Development Projections for more information on gas development projections. While AEMO’s capacity outlook model does include a degree of perfect foresight, the time-sequential model explores the operability of the power system without as much visibility of future conditions, with analysis in Appendix A4 System Operability assuming that a good forecast of weather and market conditions is only available for three days ahead. This appendix explores how reliability is met in less ideal conditions such as during VRE lulls and the critical role for deep storages during such events.
ANU Centre for Energy Systems recommended the use of a fitted chronology in Single-Stage Long-Term modelling to better represent the value of long-duration energy storage.	To ensure tractability of AEMO’s capacity outlook model, AEMO had to make simplifications without significantly compromising the correctness of results coming out of the modelling. This means that in the Single-Stage Long-Term (SSLT) model, AEMO is not able to use fitted chronology due to the problem becoming too big for the model to be tractable. AEMO only uses the SSLT to provide guidance to the Detailed Long-term (DLT) model around retirement and carbon budget across the outlook period and not on the generation nor storage development scheduled. Generation and storage development scheduled is further investigated in the Detailed Long-Term version of the capacity outlook modelling using fitted chronology.
ANU Centre for Energy Systems recommended that 160-hour pumped hydro be included in capacity outlook modelling to support morning and evening peaks.	AEMO currently only models up to 48 hours of pumped hydro energy system (PHES), due to limited information and lack of full consultation on about a 160-hour PHES. AEMO welcomes feedback on the credibility, deliverability, and parameters for 160-hour PHES in the upcoming 2027 IASR consultation.
The ANU Centre for Energy Systems recommended that the ISP provide greater planning of long-duration storage, and that AEMO publish a Long-Duration Energy Storage Options Report. CEC called for clearer planning signals at the national level for long-duration energy storage. The International Hydropower Association recommended that AEMO work with states and governments to establish the incentives and market signals needed to enable long-term storage.	AEMO has considered stakeholder feedback on the importance of long-duration energy storage (LDES) and the need for clear investment signals. The ISP considers a range of storage technologies as part of a least-cost, system-wide assessment. However, both the delivery of specific LDES projects and detailed assessment of technology options (including through a dedicated LDES report) depend on location-specific factors – including site characteristics, environmental and planning requirements, and local network conditions – that are not fully capturable in AEMO’s ISP models that analyse at a NEM-wide level. The ISP provides signals on the role and timing of storage in the ODP, while allowing different technologies and projects to emerge through market and jurisdictional processes. AEMO will continue to monitor developments in long-duration storage and incorporate updated information in future ISP iterations, and is open to suggestions on other methods that could be used to realistically incorporate longer duration storage options with confidence.

Stakeholder feedback	AEMO response
Marinus Link supported the retention of refinements to hydrogen demand forecasts, weighted average cost of capital (WACC) assumptions, and foresight treatment.	AEMO confirms these refinements were maintained in developing the final 2026 ISP.
AITERAQ Advisory emphasised the important role of battery energy storage systems (BESS) in providing firming services, particularly due to the more constant energy profiles required by modern data infrastructure.	AEMO agrees on the importance of BESS in the future energy system, and notes that the 2026 ISP acknowledges their ability to perform frequency control, voltage stability, and some system strength services.
New South Wales generation projects	
Multiple stakeholders requested greater alignment between ISP modelling and assumptions and known New South Wales generation projects developments. NSW DCCEEW, Transgrid, and Spark Renewables sought explicit representation of New South Wales access rights allocations in ISP modelling and assumptions, particularly in the South West REZ. Transgrid raised concerns that the 3.56 GW of awarded access rights in the South West REZ were not reflected in the Draft 2026 ISP.	AEMO agrees that there should be alignment between the ISP and jurisdictional planning frameworks, including the New South Wales Electricity Roadmap and REZ access rights arrangements. AEMO undertook a series of targeted joint planning meetings to address recommendations to improve alignment between ISP inputs and jurisdictional plans. These meetings resulted in changes to the access rights modelled in the ISP for the Central-West Orana and South West NSW REZs. Specifically, in the modelling, a single access rights REZ limit has been replaced with three separate technology limits for solar, wind and batteries that align with aggregate access rights awarded by EnergyCo. The ISP model assumes that each individual generator's output is capped at its awarded access rights. If REZs are expanded in future, the ISP will consider additional generation capacity beyond the level of access rights initially awarded.
Squadron Energy and Windlab requested that the onshore wind potential of the New South Wales South West REZ (N5) be revisited, commenting that it appears to be underestimated. Squadron Energy considers capacity factors to be over 40% rather than 37%. Windlab commented that wind is dramatically underutilised. Spark Renewables questioned the predicted solar capacity in South West REZ and requested clarity on this, particularly for the increase in capacity between 2028 and 2049.	AEMO agrees on the importance of using quality input data to represent wind and solar potential in the South West New South Wales REZ. In response to similar feedback received during the development of the 2025 IASR, AEMO reviewed the wind trace data used in market modelling for the South West New South Wales REZ. This review identified that earlier modelling assumptions resulted in lower wind quality outcomes than would be observed when applying higher hub heights for new entrant wind farms and more granular data. Updated inputs and methodology have been applied since the Draft 2026 ISP, and these have also been adopted consistently across all REZs. The ISP uses a consistent, system-wide modelling approach to assess generation and storage development across all regions. As a result, outcomes for individual REZs reflect a combination of resource quality, network capacity, system needs, and least-cost optimisation, rather than resource quality alone. This includes the timing and scale of both wind and solar development in the South West New South Wales REZ. The current assumptions regarding wind utilisation in various REZs are based on the best data currently available to AEMO. AEMO will continue to incorporate updated information through future IASR and ISP processes as new credible evidence becomes available. Further detail on drivers for increases in predicted solar capacity is available at Appendix A2.
Origin Energy noted that technology-specific build limits and REZ development targets differ between the Draft 2026 ISP and planning undertaken for the New South Wales Roadmap in the 2025 <i>Infrastructure Investment Objectives</i> (IIO) Report.	AEMO notes that reports reflect inputs and assumptions that may change over time. The 2025 IIO Report adopted the forecast and insights provided in the 2024 IASR, New South Wales REZ network infrastructure project options, and ASL's internal analysis, including of technology-specific WACCs and near-term build limits. Inputs and assumptions for the Draft 2026 ISP have been updated since the 2025 IIO Report was published.
Windlab expressed that the wind resource quality in South Cobar REZ (N13) is likely better than in the Broken Hill REZ (N4). Windlab noted that build limits for the South Cobar REZ appear overly conservative, and that it would be challenging to reach financial close in the Broken Hill REZ even at the optimistic marginal loss factor levels assumed for the ISP.	AEMO has considered Windlab's feedback and has not made a change on this issue, as the build limits are not the limiting factor preventing the South Cobar REZ from further consideration at this stage. While AEMO is open to reviewing the REZ's resource limit for the 2027 IASR, it is important to note that in the Draft 2026 ISP and final 2026 ISP, the lack of sufficiently low-cost transmission network augmentation is the more limiting factor preventing a build of generation capacities up to the 2 GW wind resource limit for South Cobar REZ.

Stakeholder feedback	AEMO response
Ausgrid urged AEMO to reconsider the inclusion of the Hunter Central Coast REZ (N9) on the ODP, noting that it is a “least regrets” short-term investment that can act as critical mitigation option against delays to major transmission projects.	AEMO thanks Ausgrid for this feedback. In response, AEMO has further investigated Hunter-Central Coast to review the suitability and modelling of Stages 2a and 2b in consultation with EnergyCo, Ausgrid and Transgrid. For the final 2026 ISP, AEMO split Hunter-Central Coast REZ (N9) into two: the Central New South Wales (CNSW) connected component (N9a); and Sydney, Newcastle & Wollongong (SNW) connected component (N9b). In addition, AEMO introduced the HCC1 group constraint to reflect further upstream transmission limits at Newcastle and Tomago substations. These refinements aim to help prevent the over-build of generation in the REZ without augmentations. AEMO has updated the scope and cost of Stages 2a and 2b for Ausgrid’s component detailed in Ausgrid’s supplementary response to the Draft 2026 ISP consultation. Results now show further expansion of the Hunter-Central Coast REZ as a distribution network development opportunity as part of the ODP.
Windlab expressed that far too much wind capacity is being built in the Hunter Central Coast REZ (N9), stating that this amount of wind is implausible in this area.	AEMO consulted EnergyCo regarding this resource limit, and while no changes were recommended for the final ISP modelling, AEMO will continue to joint plan with EnergyCo to progress any subsequent network expansion. The ISP uses a consistent, system-wide modelling approach to assess generation and storage development across all regions.
Windlab commented that connecting a 200 MW wind farm into the Marulan distribution network (DN3) would be challenging due to land and community constraints.	AEMO notes Windlab’s feedback on the feasibility of connecting a wind project to the Marulan distribution network. The distribution project at Marulan is based on joint planning between Essential Energy, Transgrid and EnergyCo. The 2026 ISP identifies the Marulan distribution project (DN3) for renewable energy development in the <i>Accelerated Transition</i> scenario only. AEMO will continue to joint plan with EnergyCo to progress any network expansion.
Alinta Energy recommended that the late-stage Oven Mountain Pumped Hydro project in New South Wales be included in the ODP in ISP modelling.	AEMO notes Alinta Energy’s request to include the Oven Mountain Pumped Hydro project in the ODP, and understands this to mean that Alinta Energy is seeking for the project to be included in all future states of the world, as is done with committed and anticipated projects. AEMO prepares the ISP in accordance with the regulatory framework set by the NER and relevant guidelines, which set out specific criteria that projects must meet to be considered committed or anticipated. AEMO maintains a list of committed and anticipated generation projects (including storage) on its Generation Information page ³³ that is updated quarterly. AEMO did not include the Oven Mountain Pumped Hydro project in the 2026 ISP, as the project is currently listed as a “publicly announced” project in the January 2026 Generation Information, based on generator survey updates.
South Australian generation projects	
SA DEM and ElectraNet emphasised the importance of recognising the South Australian Renewable Energy Target, which is a legislated target of 100% renewable energy by 2027. SA DEM recommended that the target be treated as a persistent and binding floor constraint in modelling. ElectraNet stated that ISP modelled outcomes must satisfy the target while preserving reliability and security; and should not rely on a level of imports that is inconsistent with plausible interstate policy delivery.	AEMO thanks SA DEM and ElectraNet for this feedback and ongoing engagement since the Draft 2026 ISP. In response, and after further discussion with SA DEM to confirm the intent of the legislated target, AEMO has adjusted in the final 2026 ISP the representation of the South Australia Renewable Energy Target to be 100% renewable energy from 2027, and to continue in perpetuity.
Victorian generation projects	
Origin Energy recommended an explanation in the ISP of differences and drivers between ISP outcomes and state planning documents, noting that	AEMO agrees that there should be alignment between the ISP and jurisdictional planning frameworks, including the Victorian Transmission Plan. AEMO works closely with jurisdictional planning bodies to develop the inputs and assumptions that form the foundation of the ISP. While

³³ At <https://www.aemo.com.au/energy-systems/electricity/national-electricity-market-nem/nem-forecasting-and-planning/forecasting-and-planning-data/generation-information>.

Stakeholder feedback	AEMO response
while Victorian Transmission Plan inputs are aligned with the ISP's, the two plans differ in planning outcomes, particularly in wind generation.	jurisdictional planning frameworks overlap with and influence the ISP, the planning processes undertaken by jurisdictional planning bodies and TNSPs are not the same as the process undertaken for the ISP. Jurisdictional frameworks have different purposes, assessment frameworks and methodologies than the ISP, which has a legislated purpose and a national perspective. The approach AEMO takes to meet this purpose is consulted on and made publicly available in the <i>ISP Methodology</i> . AEMO notes that the planning environment surrounding the ISP has evolved significantly since the ISP was first established, and that the interaction between the ISP and various other strategic planning processes is now an area of some ambiguity. AEMO expressed this view to the AEMC in response to the AEMC's <i>Review of the ISP</i> (EPR0092) ³⁴ Consultation paper, and anticipates that the finalisation of this Review will lead to further clarity on the appropriate interaction between the ISP and other planning processes.
Windlab noted that p.107 of Appendix A3 reports offshore wind build in the South West REZ (V5) as well as onshore wind build in Southern Ocean REZ (V9) and questioned the alignment of this with the 2025 <i>Inputs and Assumptions Workbook</i> , where V5 looks to be a purely onshore REZ.	AEMO thanks Windlab for identifying where greater clarity is needed. Both V5 and V9 show the results of the SWV1 group constraint as both these REZs are factors in this limit. AEMO confirms that the final 2026 ISP clarifies that the offshore wind is from V9 only, while the onshore component is from V5 only. This clarification can be found in the relevant REZ scorecards in Appendix A3.
Southerly Ten commented that the Gippsland Offshore Wind REZ (V8) is "critical to the national energy transition" and suggested that the advanced status of projects in Gippsland indicates that offshore wind capacity can be delivered in the early 2030s.	AEMO understands that Southerly Ten considers that offshore wind capacity can be delivered at a more rapid pace than what is outlined in the ODP. AEMO notes that the timing of offshore wind projects in the ODP in Victoria is in line with the Victorian offshore wind targets of 2 GW in 2032, 4 GW in 2035 and 9 GW in 2040. The Gippsland Offshore Wind Transmission Project, which enables the Gippsland Offshore REZ, is an actionable Victoria project in the 2026 ISP and its timing in the ISP is as advised by the proponent.
Queensland generation projects	
Windlab recommended that the modelling approach used for Queensland REZs be more closely aligned with developer interest in Queensland, explaining that this would mean a shift away from coastal areas towards less populated areas (favouring Q5 and Q9, for instance).	AEMO agrees that it is important for ISP modelling to align with developer interest, where appropriate and based on evidence. For the 2026 ISP, AEMO updated the ISP model so as to better align the early years of the outlook with the existing connections pipeline of projects, to better reflect near-term developer interest that may develop in REZs. Further, AEMO consulted on the location and geographic boundaries of REZs as part of the Draft 2025 IASR consultation for all regions in the NEM. AEMO is open to revising its REZ candidates as part of the 2027 IASR.
Windlab commented that projected development and curtailment outcomes in North Queensland Renewable Energy Hub (Q2) appear to be overly optimistic due to the removal of SuperGrid North from the ODP.	AEMO notes that significant wind development in the North Queensland Renewable Energy Hub (Q2) is dependent on the implementation of the CopperString 2032 network upgrades. While the Draft 2026 ISP found that Queensland SuperGrid North project is no longer in the ODP, the final 2026 ISP identifies additional network upgrades between Central and North Queensland are warranted in order to efficiently support wind generation in north Queensland, a finding that is broadly in alignment with Windlab's view. This change is due to incorporation of smaller scope and lower cost transmission augmentation options included after the Draft 2026 ISP as a result of joint planning between Powerlink and AEMO.
Modelling approach	
Windlab requested the application of a minimum wind project build size constraint in REZ modelling to avoid including unrealistically small builds in ISP modelling.	While considering individual generator size minimum limits is difficult from a modelling perspective, AEMO only considers a REZ to be an area worth modelling if it is seen to have sufficient interest from a number of proponents in a common location that could warrant the need for network upgrades, or the area has been declared a REZ by a jurisdictional body. AEMO notes that in relation to wind project build size constraints, the capacity outlook model applies a linearisation of generation build, which does not allow the application of integer decision variables such as minimum build size constraints, for modelling to remain computationally feasible. This may at times result in very small capacity builds in some REZs, as noted by Windlab. However, AEMO considers that having only small

³⁴ At <https://www.aemc.gov.au/market-reviews-advice/review-integrated-system-plan-framework>.

Stakeholder feedback	AEMO response
	numbers of generation projects being selected for build in the REZ results is in itself a useful outcome in that it still helps prioritise where investment or further investigation occurs, or need not occur, by jurisdictional bodies. Further information is available in the <i>ISP Methodology</i>.
Alinta Energy recommended that the ISP place equal emphasis on the need for REZ and non-REZ projects, to avoid reducing competition and the diversity of projects outside of REZs.	AEMO acknowledges that there are projects that are intending to connect outside of the current REZ locations. While projects that are at anticipated stage or further along the development stage will be taken into consideration, it is difficult from a modelling perspective to include every future potential location and project and keep the model's problem state tractable. It is for this reason that areas with good resources and in close proximity to electrical networks are considered in the modelling as REZs. AEMO acknowledges that not every future project will connect within these defined geographical areas, but these wider locations do allow a form of proxy for projects that may connect nearby even if outside the defined REZs. This is also the reason that AEMO continues to include some REZs in parts of the network that are in addition to formally declared REZs. While AEMO also includes in the modelling areas such as V0 and N0 'non-REZ' locations, these more indicate areas that may have some resources close to transmission, but that are expected to have more difficulty in developing projects so have higher costs modelled. AEMO also periodically consults on the defined areas modelled as REZs, so that if there are locations where there is proponent interest, this can be brought into the modelling as new REZs, or existing REZ geographical boundaries adjusted to account for these areas. Examples of this in the 2026 ISP include modelling of the new South Cobar REZ, and extension of the Northern South Australia REZ to include the newly declared Release Areas.
Sensitivity analysis	
CSPER recommended a sensitivity assessing the impacts of high REZ concentration, in which major REZs deliver reduced capacity under stress due to network limits and inverter behaviour.	AEMO notes system security considerations and costs relating to relevant planning standards are already incorporated in REZ design. Further operational limit studies and measures will be undertaken between AEMO and the TNSP as a REZ progresses to delivery. Additional studies such as non-credible events sit outside the ISP framework and are considered in the AEMO's General Power System Risk Review³⁵.
Stakeholders proposed multiple sensitivities in relation to generation and storage. CSPER recommended a performance shortfall sensitivity where storage and flexible resources deliver less usable capacity than assumed, independent of coordination. CSPER also recommended a sensitivity to assess the impacts of faster storage degradation or earlier refurbishment requirements on net market benefits and CDP rankings. Springmount Advisory recommended stronger stress-testing of high storage uptake scenarios in ISP modelling. Windlab recommended a sensitivity in relation to Victorian offshore wind targets not being met, noting concerns that there is a lack of track record for this technology in Australia and the magnitude of the policy commitment.	AEMO acknowledges that there was strong interest in the sensitivity analysis conducted for the final 2026 ISP. AEMO received a wide range of additional sensitivities proposed through consultation, however, not all could be modelled within ISP development timeframes and with the available resources. For the 2026 ISP, AEMO prioritised a targeted set of sensitivities designed to test the robustness of the ODP to a plausible set of risks and uncertainties, and to explore the influence of demand side factors on the efficient development of the power system. AEMO did not include the requested sensitivities in its sensitivity analysis for the 2026 ISP, however, will consider including these in the initial sensitivity list for the 2028 ISP.

³⁵ At <https://www.aemo.com.au/energy-systems/electricity/national-electricity-market-nem/system-operations/general-power-system-risk-review>.

Stakeholder feedback	AEMO response
South Australian stakeholders, including SACOME and ElectraNet , expressed concerns that non-delivery or delayed delivery of interstate projects would significantly impact South Australia's energy security and requested that the ISP include a sensitivity testing this.	AEMO has adjusted the treatment of the South Australian Renewable Energy Target to make it a 100% renewable energy requirement from 2027 onwards to align with the intent of the policy. Additionally, AEMO has implemented sensitivity analyses relating to the Northern Transmission Project in South Australia to test the robustness of the conclusion that may impact the project: a <i>Higher Demand</i> sensitivity and a <i>Constrained Delivery</i> sensitivity. The results are detailed in the 2026 ISP main report as well as in Appendix A6 Cost Benefit Analysis.
Transparency	
Origin Energy requested more transparency on the drivers of forecast changes in solar and wind capacity and utility-scale storage outcomes. Origin Energy also requested clarity on CER storage outcomes as well, which AEMO has responded to in Section 5.3.	AEMO notes that Origin Energy has correctly identified areas where more clarity would be beneficial. AEMO confirms that the AER provided similar feedback in its Transparency Review of the Draft ISP, which AEMO responded to in its <i>Addendum to the Draft 2026 Integrated System Plan</i> . AEMO has also published extensive supporting materials alongside the 2026 ISP, including the 2025 IASR, the 2026 IASR Input Assumptions Workbook, and Appendix A2 ISP Development Opportunities. These documents provide detailed information on inputs, assumptions and scenario design, including explanations of key drivers of changes to projections compared to the 2024 ISP. In particular, the <i>Addendum to the Draft 2026 Integrated System Plan</i> explains at page 8 the reasons for changes compared to the 2024 ISP, including that: - shallow and medium-depth utility-scale storage is expected to increase in the NEM due largely to additional committed and anticipated storage projects and increased storage targets within policy, - higher utility-scale solar generation is projected because solar generation capital cost projections have reduced relative to wind, and - utility-scale wind is projected to produce less generation relative to the 2024 ISP due to higher relative capital costs for wind and a higher weighted average cost of capital relative to utility-scale solar.
CIS requested additional transparency on hydrogen outcomes modelled in the ISP, particularly the forecast high utilisation factor, statements around some facilities being sufficiently large to store a week's worth of hydrogen, how hydrogen hubs can be located in an efficient manner close to end users when REZs are typically located in more remote regions and how downstream green-commodity processes are modelled. CIS also requested the publication of the time-sequential electrolyser demand traces.	In the capacity outlook model, the total electrolyser capacities needed to meet a monthly (changed from weekly in the Draft 2026 ISP) hydrogen production target per subregion is determined based on which generation technology and location electrolysers should be 'paired' with such that the cost is kept to a minimum. This gives the capacity outlook model the freedom to determine the capacity, and effectively the utilisation factor, as long as the demand for hydrogen is met and the cost is cheapest. The electrolyser capacity is determined in the Single-stage long-term model version of the capacity outlook model, see the <i>ISP Methodology</i> for reference. Since the 2024 ISP, AEMO has shifted away from electrolysers being developed at or near ports, and instead models them to be located in REZs. This change of approach follows stakeholder recommendations that pipelines for transporting energy in molecular form (being hydrogen) is cheaper than transporting energy in electricity form. Further, unlike other loads in the time-sequential model, hydrogen electrolysers do not have input demand traces. This allows the model to determine the optimal operation of electrolysers given system conditions and available generation, with consideration to the monthly hydrogen production requirements and inflexible electrolyser load component. The details of the result pertaining to the electrolyser development path can be found in both Appendix A2 ISP Development Opportunities and the Generation and Storage Outlook Workbook published with the ISP.
Lawrence Molloy made recommendations in relation to pumped hydro, including for GW and GWh to be clearly delineated and for reservoir hydro to be distinguished from pumped hydro.	AEMO thanks Lawrence Molloy for this feedback and notes that it has been actioned in the 2026 ISP – all closed-system PHES have been labelled as 'PHES' (including Shoalhaven, Wivenhoe, Borumba, Phoenix), and all hydro-scheme to be 'hydro' except Snowy 2.0 which is not a closed-system but tagged as 'PHES' due to legacy description that is harder to steer away from. AEMO will continue to improve the categorisation of these assets in the next ISP.

Stakeholder feedback	AEMO response
Multiple stakeholders commented on storage durations. The International Hydropower Association stated that current market settings do not support investment in storage durations beyond eight hours. Hydro Tasmania similarly recommended caution in the ISP assuming that 12-hour storages are being developed if there is only incentive currently to build for eight hours, noting the potential for the proposed Electricity Services Entry Mechanism to bridge this gap.	AEMO has considered stakeholder feedback on storage durations and the need for market settings to support longer duration energy projects. AEMO notes that Energy Ministers have established a taskforce to work on the design and implementation of recommendations arising out of the NEM wholesale market settings review, including the Electricity Services Entry Mechanism referenced by stakeholders. AEMO notes that detailed policy design for the Electricity Services Entry Mechanism is currently underway and is being led by Commonwealth DCCEEW, in collaboration with NEM jurisdictions. Further information on the implementation pathway for recommendations arising out of the National Electricity Market wholesale market settings review are available on DCCEEW's website³⁶. Phoenix Pumped Hydro and Borumba Pumped Hydro Project are two recent examples of storage projects that are proceeding with 12 or more hours of storage (i.e. 12 and 24-hour respectively).
Hydro Tasmania recommended that generation and storage outputs be stated in the ISP as indicative system needs, instead of as prescriptive investment outcomes. Hydro Tasmania explained that the current approach risks "picking winners" and that one example of this is the ISP's modelled build out of REZs not matching developer interest.	AEMO understands that Hydro Tasmania would like to see less prescriptive generation and storage outputs in the ISP. AEMO agrees on the importance of aligning ISP modelling with developer interest and notes that the inputs to the model result in REZs differing in significant ways, such as having different traces, network constraints, and build limits. AEMO recognises that there are certain factors that can result in the ISP capacity outlook being misaligned with where developers intend to build. In response to stakeholder feedback on this point, AEMO's modelling for the final 2026 ISP better reflects current, on-the-ground developer interest and activity by prioritising the existing project pipeline to 2030 before allowing additional generic new entrant projects.

5.3 Consumer energy resources

5.3.1 Summary of material issues raised in submissions and AEMO's response

Stakeholders who commented on CER were interested in the accuracy of inputs and assumptions, particularly in relation to CER uptake, virtual power plant (VPP) uptake, and electric vehicles (Evs). Several stakeholders recommended that the inputs and assumptions be more closely aligned with recent policy developments, such as the Commonwealth Government's CHBP and Solar Sharer Offer. Stakeholders also requested further analysis in the form of sensitivities to test higher CER uptake than assumed in the Draft 2026 ISP, as well as expanded modelling of CER opportunities outside of rooftop solar, batteries and EVs. AEMO acknowledges the importance and value of demand-side factors in optimising the energy system as it transitions, and notes that the Demand Side Factors statement for the 2026 ISP is in its first iteration. AEMO expects that the Demand Side Factors statement is likely to evolve over time as data quality and modelling capabilities improve.

³⁶ At <https://www.energy.gov.au/sites/default/files/2026-03/national-electricity-market-wholesale-market-settings-review-nem-review-recommendations-implementation.pdf>.

Stakeholder feedback	AEMO response
Inputs and assumptions	
Several stakeholders (Ausgrid, CEC, EnergyAustralia, IEEFA, ISP Consumer Panel, Martin Kamener, Philippa England) recommended that AEMO revise its inputs and scenarios to reflect the surge in uptake of CER, including the result of the Commonwealth Government's CHBP. Ausgrid added that AEMO should assess the impact of the Solar Sharer Offer to determine any impacts on peak demand forecasts and uptake of relevant CER technologies.	AEMO has considered feedback on the need for the ISP to align with recent CER uptake trends, and recognises that the CHBP is providing stronger investment incentives for consumers than originally anticipated in the 2025 IASR. In response, AEMO has chosen to adopt the battery uptake forecasts from its draft 2026 <i>Forecasting Assumptions Update</i>, updated with the latest settings of the CHBP and recent installations data, for all three scenarios for the final ISP modelling. These forecasts better represent current observations, reflect the latest settings of the CHBP, and address feedback from several stakeholders. The CER battery forecasts applied for the 2026 ISP can be downloaded from the 2026 ISP website³⁷. AEMO acknowledges that the proposed Solar Sharer Offer could influence the economics of solar PV and home battery uptake. AEMO will continue to monitor the development and implementation of the offer and will consider its inclusion in future forecasts as more information to support a change to CER uptake assumptions becomes available. Due to the lack of available data necessary to estimate the impact of the offer on the ISP's inputs and assumptions, forecast updates associated with the Solar Sharer Offer have not been included in the 2026 ISP.
The Electric Vehicle Council called on AEMO to decrease the profile and treatment of heavy EVs/road freight in the ISP. They also asked, in future ISPs, that AEMO stress test underlying heavy battery electric vehicle (BEV) demand assumptions with transport and logistics experts. The Electric Vehicle Council also asked that, in future modelling, AEMO consider kerbside and commuter carpark charging (in addition to workplace charging) to support daytime solar utilisation for drivers without off-street parking.	AEMO has considered the Electric Vehicle Council's feedback regarding the modelling of heavy EVs in the ISP. While the future uptake of heavy EVs is uncertain, and current trends are lower than AEMO's forecast, the expected system impact is limited given the small fleet of heavy EVs currently in service and those being forecast in the short term. Due to limited expected system impact, there has not been a change in the EV uptake forecast used in the ISP. As the heavy EV market matures, sales trends will help reduce the percentage error or uncertainty in the heavy EV forecast. AEMO will continue to consult on the forecast uptake of heavy EVs as additional data and insights become available, and agrees that engagement in future with transport and logistics experts may provide potential improvements to AEMO's assumptions and forecasts. AEMO's modelling of public EV charging includes kerbside and car park charging, with the full list of charging profiles and descriptions set out in Table 17 of the 2025 IASR³⁸. AEMO acknowledges that charging infrastructure and consumer preferences continue to evolve and there may be a consumer preference for workplace charging in the future. However, there is currently insufficient data available to AEMO to support further disaggregation of public charging profiles, such as commuter car parks. AEMO will continue to update EV modelling as additional data becomes available.
Multiple stakeholders (CEC, Martin Kamener, QEUN) recommended that AEMO revisit its modelling assumptions related to the level of forecast CER coordination including VPP and V2G participation. CSPER recommended that AEMO bind EV flexibility using conservative availability/participation assumptions and distinguish technical potential from firm planning contribution.	AEMO understands stakeholder concern in relation to CER coordination and availability assumptions, including VPP and V2G participation rates. While coordination of CER at scale has the potential to deliver system benefits and reduce utility-scale investment requirements, consumer adoption of coordination programs remains uncertain and current uptake is low. Accordingly, the current scenario suite includes a broad range of assumed uptake trajectories to reflect this uncertainty. To further illustrate and quantify the effects of lower CER coordination, AEMO has modelled the impacts via the <i>No Further CER Coordination and No Further VPP Uptake</i> sensitivities, and explained the results of these sensitivities in Appendix A6 and Appendix A9. AEMO will continue to monitor available data on consumer participation and will update forecasts as appropriate, with modelling input updates communicated through the IASR or <i>Forecasting Assumptions Update</i> publications. AEMO agrees with CSPER that a V2G availability factor should be incorporated into the EV modelling. In response, AEMO has introduced a V2G availability in the core scenarios for the final ISP, using the same availability assumption (55%) applied in the draft 2026 <i>Forecasting Assumptions Update</i>.

³⁷ See the 2026 ISP Inputs and Assumptions workbook at <https://www.aemo.com.au/-/media/files/major-publications/isp/2026/supporting-materials/2026-isp-inputs-and-assumptions-workbook.xlsx>.

³⁸ At <https://www.aemo.com.au/consultations/current-and-closed-consultations/2025-iasr>.

Stakeholder feedback	AEMO response
Modelling and approach	
EEC recommended that CER modelling be expanded beyond rooftop solar, batteries, and EVs to include other orchestrated loads such as hot water systems, air conditioning, and pool pumps.	AEMO notes EEC's recommendation to expand the scope of CER modelling to include additional orchestrated loads such as hot water systems, air conditioning and pool pumps. AEMO anticipates that the breadth of the factors assessed in future demand side factors statements will evolve over time, while balancing the number of sensitivities and demand side factors that can be practicably included in future ISPs. In developing the inaugural Demand Side Factors statement for the 2026 ISP, however, AEMO has focused on CER uptake and coordination and energy efficiency as demand side factors most relevant to the efficient development of the power system.
Multiple stakeholders commented on EV modelling. The Electric Vehicle Council recommended that V2G use cases be modelled separately from broader bidirectional charging use cases to better reflect likely consumer behaviour. GE Vernova said EVs represent a rapidly scalable and highly flexible storage resource and recommended that the ISP include dynamic pricing, managed charging, and aggregator-led participation when modelling EVs.	While AEMO recognises that modelling V2G separately from broader V2X applications and other forms of bidirectional charging that do not directly provide grid services is prudent, AEMO currently considers the disaggregation of charging types such as V2G and vehicle-to-home (V2H) is not possible due to limited available data. AEMO will continue to monitor sources and incorporate data when they become available and reliable. AEMO appreciates that EVs may play an important role in how consumers use and store energy, including through managed charging and VPP participation. AEMO's EV modelling already considers a range of charging types, including time-of-use and dynamic charging, as outlined in Table 17 of the 2025 IASR, as well as assumed participation in V2G programs. EV uptake varies across AEMO's scenarios to reflect current uncertainty and these forecasts, including assumed V2G participation, are incorporated into the ISP modelling. AEMO will continue to monitor market developments and assess whether new or revised inputs can be incorporated in future ISP cycles as additional data becomes available, and encourages ongoing stakeholder engagement to increase the quality of assumptions over time. However, the technology and pathways that ultimately prevail are expected to be determined by market adoption based on relative cost and consumer benefit.
Sensitivity analysis	
CSPER recommended that the ISP distinguish between installed, available and firm demand-side factor capacity. CSPER also said AEMO should include additional sensitivities, including a sensitivity where coordinated CER delivers less than nominal aggregated capability during stressed periods.	AEMO notes the importance of distinguishing nominal capacity from capacity in less-than-ideal conditions. AEMO notes that installed, available and firm capacity are distinct concepts for CER assets such as home batteries and EVs. For the purposes of ISP modelling, AEMO has used degraded demand-side capacity where relevant, that is, the capacity available at a given point in time after accounting for ageing and degradation. This is because these are the most relevant values for the analysis and their use reduces the risk of stakeholder confusion from discussing multiple capacity measures. However, stakeholders can refer to the Draft 2026 Forecasting Assumptions Update³⁹ which provides the nominal and degraded capacity forecasts for PV and batteries. AEMO recognises that there is likely to be a range of reasons why coordinated CER assets may not deliver full available capacity during periods of high demand or system stress. However, due to time constraints, AEMO has needed to prioritise sensitivity analyses that are more likely to have a material impact on the ODP and has therefore not been able to include additional sensitivities to explore the CSPER identified uncertainties in the 2026 ISP. The <i>No Further CER Coordination</i> sensitivity demonstrates that there are additional system costs relative to the <i>Step Change</i> scenario when CER assets are not coordinated. This indicates that higher levels of CER coordination, or greater available capacity, would be expected to deliver greater system benefits. AEMO accepts that future EV uptake and, therefore, the available storage capacity and participation in VPP and V2G programs, is uncertain. Recognising this uncertainty, AEMO's scenarios include a range of potential outcomes for these factors, and sensitivity analysis has been used to test the ODP's resilience to differing levels of CER uptake and coordination. AEMO considers this approach appropriate but will continue to monitor and update assumptions, including V2G participation, where relevant.

³⁹ At <https://www.aemo.com.au/consultations/current-and-closed-consultations/draft-2026-forecasting-assumptions-update>.

Stakeholder feedback	AEMO response
Multiple stakeholders requested that AEMO model increased levels of CER or energy efficiency. EcoJoule Energy recommended a sensitivity for doubled or tripled rooftop PV capacity. IEEFA recommended modelling increased levels of coordinated CER because of improved tariff signals. The ISP Consumer Panel also recommended modelling more rapid uptake of CER than considered in the 2025 IASR. Martin Kamener recommended that the ISP model a sensitivity in which CER surpasses expectations. EEC requested AEMO examine the technical potential for energy efficiency improvements unconstrained by current policy limitations.	For the 2026 ISP, AEMO nominally uses the inputs and assumptions as consulted on in the 2025 IASR. However, in this instance, AEMO has chosen to update its home battery uptake forecasts to align with levels as reflected in the Draft 2026 <i>Forecasting Assumptions Update</i> for all core scenarios for the 2026 ISP to better represent current observations, reflect the latest CHBP settings, and to address stakeholder feedback. AEMO has also conducted sensitivity analysis on CER coordination and energy efficiency, with results discussed in Appendix A6 Cost Benefit Analysis and Appendix A9 Demand Side Factors statement. These sensitivities show how different demand side factor levels affect the robustness of the ODP, total system costs and the efficient development of the power system. AEMO acknowledges the EEC's recommendation to analyse higher energy efficiency uptake beyond current policy settings and notes that the <i>Step Change</i> energy efficiency forecast anticipates ongoing existence of supportive policies for energy efficiency investments. While AEMO does not assess the effectiveness of current or future policy related to energy efficiency initiatives, the final 2026 ISP includes both <i>Higher energy efficiency</i> and <i>Lower energy efficiency</i> sensitivities, with further details provided in the Demand Side Factors statement, including the impact on total system costs. In future ISP cycles, AEMO will consider additional demand side factors, balancing the number of sensitivities that can be delivered with the insights they provide to the ISP.
Hydro Tasmania recommended that further sensitivities be run specifically on CER uptake in Tasmania, noting that projections in Tasmania are highly sensitive to policy developments.	AEMO has considered several NEM-wide CER-related sensitivities in the Draft 2026 ISP including uptake and coordination-related studies. In the final 2026 ISP, AEMO has updated its CER battery uptake forecast and has refreshed the <i>No Further CER Coordination</i> sensitivity which covers the entire NEM. AEMO has also modelled other alternative assumptions on demand-side factors such as <i>VPP uptake</i>, <i>Lower Energy Efficiency</i>, and <i>Higher Energy Efficiency</i>, to ensure that the ODP is robust to a range of future uncertainties. This sensitivity analysis is explored further in Appendix A6 Cost Benefit Analysis.
Transparency	
Alinta Energy requested enhanced transparency on CER and demand side assumptions, including drivers of CER uptake assumptions; clarity on what consumer incentives and behavioural assumptions underpin flexible demand forecasts; and articulation of how demand-side forecasts and CER investment pathways respond to wholesale price outcomes.	In relation to CER uptake forecasts, AEMO confirms that it has chosen to adopt the battery uptake forecasts from its draft 2026 <i>Forecasting Assumptions Update</i> to better represent current observations and reflect the latest settings of the CHBP. In relation to incentives and behavioural assumptions, AEMO has published further information on the assumptions and modelling of distributed PV and home battery uptake in its 2025 <i>Distributed PV and Batteries/VPP Forecast Report</i>⁴⁰. This information is in addition to the inputs and assumptions provided in the 2025 IASR, noting consumers may choose to invest in CER for reasons other than reducing total system costs. The 2026 ISP Inputs and Assumptions workbook also clarifies the final CER assumptions used in the final 2026 ISP⁴¹. In relation to the wholesale price outcomes and investment pathways, AEMO treats CER uptake as an exogenous input into the ISP and as such the level of uptake is not considered in the ISP's least-cost optimisation. AEMO acknowledges that price sensitivity can impact the level and rate of consumer adoption, but does not consider that it is currently feasible to introduce full co-optimisation between the CER forecasts and the ISP modelling outcomes.
CSPER requested that when CER coordination materially reduces infrastructure needs in the ISP, the ISP should explicitly state the assumed	The uptake of CER and the assumed level of participation in coordination programs (including VPPs and V2G) are outlined in Section 3.3.7 of the 2025 IASR, noting AEMO has chosen to adopt the battery forecasts from its 2026 Forecasting Assumptions Update. Participation rates vary by scenario, reflecting differing assumptions regarding consumer willingness to engage in coordinated arrangements.

⁴⁰ See supporting materials at <https://www.aemo.com.au/consultations/current-and-closed-consultations/draft-2026-forecasting-assumptions-update>.

⁴¹ At <https://www.aemo.com.au/-/media/files/major-publications/isp/2026/supporting-materials/2026-isp-inputs-and-assumptions-workbook.xlsx>.

Stakeholder feedback	AEMO response
CER participation rates and assumed persistence of participation over time, as well as conditions under which participation may degrade.	AEMO acknowledges that there are a range of factors influencing both participation and persistence in these programs, including: • The financial incentives available to consumers, • Consumers' preference for control and autonomy of their assets, and • Consumers' evolving energy needs. Given the early stage of uptake of coordination programs, consumer participation and retention remain uncertain. Accordingly, a range of uptake assumptions is presented in the IASR, and these will be reviewed and refined as additional data and stakeholder feedback becomes available in future IASRs and ISPs. As an example, between the Draft and final 2026 ISP, AEMO has incorporated a V2G availability factor in the core scenarios, applying a 55% availability assumption consistent with the draft <i>2026 Forecasting Assumptions Update</i>.
Origin Energy asked AEMO to explain the drivers of reduced CER storage and increased utility-scale storage in the Draft 2026 ISP compared to the 2024 ISP.	AEMO thanks Origin Energy for identifying areas that would benefit from additional clarity. AEMO confirms that the material published alongside the 2026 ISP, including the 2025 IASR, the <i>2026 ISP Inputs and Assumptions Workbook</i>, and addendums in response to transparency reviews of the 2025 IASR and Draft 2026 ISP, provide this clarity. These documents provide detailed information on inputs, assumptions and scenario design, including explanations of key drivers of changes to projections compared to the 2024 ISP. AEMO notes that the AER provided similar feedback in its Transparency Review of the Draft 2026 ISP, and AEMO has responded to this feedback in the <i>Addendum to the Draft 2026 Integrated System Plan</i>. This addendum sets out the drivers of reduced CER storage and increased utility-scale storage more clearly⁴². Changes from the 2024 ISP and their impact on results are individually addressed, including the change in the battery uptake forecast between the publication of the IASR and Draft 2026 <i>Forecasting Assumptions Update</i>.
Requests for additional analysis on CER coordination and V2G options	
ATSE recommended that AEMO help raise the profile of VPP offerings by highlighting their benefits to consumers. ATSE also recommended that AEMO support providers to offer V2G options so consumers can better manage CER.	AEMO acknowledges that VPP and V2G services may provide benefits both to consumers and the power system by maximising the benefit of CER assets in balancing supply and demand. The Demand Side Factors statement assesses the value of CER coordination and uptake through sensitivity analysis, including the <i>No Further CER Coordination</i> sensitivity, which demonstrates that reduced coordination leads to an increase of approximately \$5.2 billion in total system costs.
GE Vernova recommended that Appendix A9 include consideration of additional demand side factors, such as hot water units, and the potential of CER coordination programs to provide additional network support services beyond energy arbitrage.	AEMO recognises that some demand side factors, such as hot water units, have not been explicitly modelled in the ISP, and that these could provide network services and reduce the need for utility-scale investment if operated flexibly or coordinated through aggregators or other programs. CER coordination in the ISP is represented using two broad categories only: VPP and V2G. In ISP modelling, both categories are assumed to operate as a form of energy arbitrage rather than provide other network services, such as voltage management. AEMO considers this level of generalisation to be appropriate for ISP modelling for several reasons. First, CER coordination is at a nascent stage in the NEM and there is limited availability of data to support the inclusion of additional demand side factors within the assessment. Second, most of the benefit associated with CER coordination is expected to derive from energy arbitrage. While there may be opportunities in the future for CER (both passive and coordinated) to provide voltage management services, CER currently does not perform such services within the NEM. AEMO will continue to consider the Demand Side Factors statement's scope, including which demand side factors are included and how CER coordination is represented.

⁴² At <https://www.aemo.com.au/consultations/current-and-closed-consultations/draft-2026-isp-addendum-consultation>.

5.4 Modelling framework

5.4.1 Summary of material issues raised in submissions and AEMO’s response

There was a high level of interest expressed by stakeholders in the optimisation of further elements of the power system in the ISP. Other topics of interest included specific elements of the modelling methodology and approach, and the treatment of policy in the ISP which is being considered by the Australian Energy Market Commission (AEMC) for the *Clarifying the treatment of jurisdictional policies and system costs in the ISP* rule change proposal⁴³.

The ISP modelling methodology is consulted on earlier in the two-year process, where stakeholders have the opportunity to shape the analytical framework. At this stage between the Draft and Final ISP, AEMO has focused on applying the established methodology consistently, while assessing stakeholder feedback on its implications for inputs and outcomes.

AEMO has considered feedback proposing changes to the modelling approach and, where appropriate, has used this feedback to clarify and explain the current methodology, interpret results and test sensitivities. Broader methodological changes require careful consideration to ensure consistency with the overall ISP framework, and AEMO will continue to evaluate stakeholder views on methodology as part of ongoing ISP development.

Stakeholder feedback	AEMO response
Co-optimisation of further elements of the power system	
Multiple stakeholders requested optimisation or co-optimisation of further elements of the power system. EEC requested that the ISP co-optimize supply-side infrastructure with CER, energy efficiency and distribution investments. The EEC also recommended that the <i>Demand Side Statement of Opportunities</i> (DSOO) include detailed, place-based analysis, and that this should inform a future co-optimised ISP. JEC cautioned that the current approach to modelling distribution-level opportunities only considers further acceleration of network investments, which may be costly and not in the interests of consumers. JEC recommended that the Demand Side Factors statement be adjusted to consider how demand-side factors could replace network investments and delay the optimal delivery times of network investments.	AEMO notes stakeholder feedback seeking the optimisation of further elements of the power system in the ISP. AEMO prepares the ISP every two years in accordance with the NER and relevant guidelines, as well as the <i>ISP Methodology</i> . Since the inaugural 2018 ISP, newer iterations of the ISP have evolved in breadth and scope to meet changing needs. The 2026 ISP is the first iteration of the ISP to include a Demand Side Factors statement, which analyses the potential for demand side factors to affect the efficient development of the power system, and associated opportunities for the development of distribution networks to access latent capacity from consumer energy resources to increase the value of these resources for all consumers. The statement is intended to evolve over successive ISPs. AEMO included for the first time sub-transmission connected distribution project options to connect utility-scale generation and storage. Only options that were joint planned with DNSPs, TNSPs and jurisdictional planners were considered, and AEMO thanks these bodies for engaging with AEMO. AEMO considers joint planning is critical to ensure that large distribution connected utility-scale generation and storage options are coordinated to capture upstream and downstream limitations, while aligning with jurisdictional generation planning policy objectives and legislation. In response to EEC’s feedback on co-optimising supply-side infrastructure with CER, energy efficiency and distribution investments, AEMO’s view is that consumer decisions to invest in CER, electrification and energy efficiency are influenced by a range of factors, not solely economics that

⁴³ See <https://www.aemc.gov.au/rule-changes/clarifying-treatment-jurisdictional-policies-and-system-costs-isp>.

Stakeholder feedback	AEMO response
The AEIC and Martin Kamener made similar recommendations, encouraging the use of distribution-level opportunities to reduce the costs and impacts of transmission investments. AEIC said AEMO should continue to explore distribution networks and non-network options to reduce impacts and costs from transmission investments.	minimise total system costs. Co-optimising these investments within the ODP, without capturing these broader drivers and intrinsic values, risks underestimating or overestimating the scale and persistence of consumer uptake, and therefore the contribution consumers are making, and are likely to continue making, in the energy transition. Additionally, regarding EEC's proposal for the DSOO to inform a future co-optimised ISP, AEMO will work closely with governments on the development and design of the inaugural DSOO, and as part of this process will consider how demand-side options should be reflected in future ISPs. AEMO acknowledges JEC's feedback and notes that the 2026 ISP is the first iteration of the ISP to include opportunities for investment in mid-scale generation and storage, as an alternative to transmission network and utility-scale generation and storage investment. These opportunities are explored in Appendices A2 ISP Development Opportunities, A5 Network Investment, and A9 Demand Side Factors statement. The Demand Side Factors statement and the <i>Demand Side Factors Information Guidelines</i> have focused on distribution network development opportunities associated with the potential for demand-side factors to affect the efficient development of the power system. This is consistent with the NER obligations for the statement and guidelines. The information gathered from DNSPs so far is targeted at this purpose, rather than at data that would inform an assessment of the capacity of demand-side factors to replace or delay delivery times of network investments. In relation to AEIC and Martin Kamener's feedback, AEMO notes it will continue to explore opportunities for distribution network development to support CER export, and mid-scale generation and storage options, which are consistent with the efficient development of the power system. The insights of the Demand Side Factors statement are complementary to other appendices, such as Appendix A2 ISP Development Opportunities and Appendix A6 Cost Benefit Analysis.
ECA, Endeavour Energy, and CEC recommended that demand-side options compete with and be considered equally to transmission options. CEC said AEMO should: • treat local flexibility markets and distribution-level solutions as explicit ISP pathways, • quantify avoided costs from flexibility markets using unlocked distribution capability, and • model flexibility as a system service provider to reduce grid-scale network investment needs. BZE said AEMO should treat distribution-level opportunities as explicit components of candidate development paths. They also recommended that AEMO integrate demand-side and distribution-connected resources equally within the ODP, noting that the main challenge is delivery, not technology. Climateworks Centre recommended additional transparency on the way that distribution-level opportunities are considered in the cost-benefit analysis and in ODP selection.	AEMO understands the importance of making visible where demand-side investment can defer or reduce the need for new network and generation infrastructure, to help optimise the overall energy system during the energy transition. AEMO notes that it has considered three categories of distribution network investment in the 2026 ISP: • distribution network augmentation options for distribution-connected utility scale generation and storage (for details, see Appendix A2 and Appendix A5), • distribution network development to facilitate mid-scale generation and storage (for details, see Appendix A2), and • distribution network development to facilitate CER export (for details, see Appendix A9). AEMO has also assessed the impact of demand-side factors on the ODP through sensitivities, and outcomes are discussed in the Demand Side Factors statement. AEMO has also, for the first time, co-optimised specific distribution network development opportunities to support CER and mid-scale generation and storage alongside transmission and utility-scale generation/storage investment. AEMO expects that the Demand Side Factors statement will evolve over time as data availability and modelling capability improve. In relation to Beyond Zero Emissions' feedback, AEMO notes that it considered discrete options for distribution connected utility-scale generation and storage identified through joint planning. AEMO included Dubbo distribution project (Essential Energy network) and further expansions to Hunter-Central Coast REZ (Ausgrid network). Between the draft and final ISP, AEMO has further refined the network representation of options for both Dubbo and Hunter-Central Coast REZ expansion projects through joint planning with EnergyCo, Ausgrid, Essential Energy, and Transgrid. Two distribution projects have now been identified as development opportunities on the ODP, the Dubbo Distribution Project and the Hunter-Central Coast REZ Expansion project, with further details about their development opportunities their consideration on CDPs in Appendix A5 Network Investment and Appendix A6 Cost Benefit Analysis. In relation to Climateworks Centre's feedback, AEMO notes that candidate distribution network development opportunities to support CER export and operation of mid-scale generation and storage are considered in the ISP model alongside transmission network expansion options and utility-scale generation and storage. The ISP model is able to consider the relative costs of each type of investment and its contribution to meeting

Stakeholder feedback	AEMO response
	demand. At this stage, AEMO is unable to consider specific investment options to support mid-scale generation and storage and CER due to the complexity of distribution networks across the NEM and the need to balance modelling precision against computational limitations. Instead, AEMO is only able to consider the scale of investments in distribution networks for mid-scale generation and storage and CER at a macro-level. Over time, as the ISP framework evolves and as data availability and modelling capability improve, AEMO expects that further distribution-level considerations can be made in the ISP assessment.
Philippa England recommended that AEMO model microgrids as a potential alternative to large-scale transmission investment, noting potential cost savings.	AEMO acknowledges this recommendation that microgrids be modelled as a potential alternative to large-scale transmission investment. AEMO notes that it has modelled available options from TNSPs and DNSPs, but no microgrid options have been suggested. In general, microgrids would be most appropriate for remote areas rather than areas already serviced by the NEM.
Transgrid asked AEMO to assess distribution-level investments holistically with upstream transmission constraints to avoid curtailment. It also said AEMO should seek to coordinate transmission and distribution investments to unlock distribution connected utility-scale generation and storage efficiently.	In response to this feedback, AEMO joint planned with Transgrid, EnergyCo, and Essential Energy to improve the representation of the central New South Wales network through the CNSW1 group constraint, which impacts the shared transmission network near Wellington. AEMO updated the CNSW1 limit from 815/815/815 MW to 1,800/1,800/1,900 MW (summer peak / summer typical / winter reference), and added generator terms to CNSW1 (Stubbo, Quorn Park, and Maryvale). The higher CNSW1 limit more accurately reflects the upstream transmission constraints of the 330 kV network. In addition, AEMO updated the CNSW1 uplift of Dubbo Distribution Project Option 1 from 1,185 MW to 200 MW based on latest advice from Essential Energy. AEMO also advises that the 2026 ISP has assessed some distribution network augmentation options for distribution-connected utility-scale generation and storage in the same manner that transmission network expansion options are considered.
Climateworks Centre recommended that the ISP explains how gas development projections are derived and estimate the extent to which firming can be delivered by options other than the gas development projections in the ISP, such as demand response, orchestrated small storage, and community batteries.	AEMO understands that Climateworks Centre would like to see further transparency on the way that AEMO derived gas development projections. The <i>ISP Methodology</i> details how the gas development projections included in the ISP are a product of model decisions, as outcomes of iterations between the capacity outlook model, time-sequential model and gas supply development model. The capacity outlook model optimises the build of flexible gas and grid-scale storage to meet energy and reliability requirements with consideration to the emission budget and gas fuel limitations. The time-sequential model is then used to determine the competitive dispatch and forecast gas use for electricity generation for a given build path. The gas supply development model generates gas development projections based on this gas demand, as well as the gas demand for residential, commercial and industrial gas consumers, and provides gas fuel limitations back to the capacity outlook model. This iterative approach means that the build of new storage and gas generation competes at the capacity outlook model stage. For further information on the gas modelling undertaken for the ISP, refer to A10 Gas Development Projections.
Nexa Advisory recommended that credible non-network options be embedded in ISP modelling.	AEMO sought non-network option (including virtual transmission line option) submissions⁴⁴ as part of the Draft 2025 <i>Electricity Network Options Report</i> development, as well as for the newly actionable ISP project in the Draft 2026 ISP (that is, Wondalga Switching Station). During the Draft 2026 ISP consultation submission process, AEMO received a submission for the Sydney Ring South Project. AEMO has passed that submission on to the project proponent, Transgrid, while noting that the ISP-related call for submissions on the Sydney Ring South project was made after the release of the final 2024 ISP, with submissions closing by 18 September 2024. Transgrid is currently progressing the RIT T for the project and will consider and process non-network options as part of that regulatory process.

⁴⁴ See www.aemo.com.au/consultations/current-and-closed-consultations/draft-2026-isp-non-network-options-consultation-switching-station-near-wondalga.

Stakeholder feedback	AEMO response
Other recommended changes to the modelling framework	
Multiple stakeholders commented on the treatment of policy in modelling, including ATSE, CIS, and Coal Australia. ATSE requested the modelling of scenarios unconstrained by government policy. EnergyAustralia requested modelling of relaxed policy and security constraints; and JEC requested that the ISP assume that government policies expire or end unless otherwise indicated. EEC requested leniency on adhering to government policy specifically in relation to identifying opportunities to achieve increased levels of energy efficiency.	AEMO is aware of the high level of interest in the treatment of policy in the ISP. The way that AEMO considered government policies and targets in the 2026 ISP is set out in the National Electricity Rules (NER), the <i>ISP Methodology</i>, the 2025 <i>IASR</i>, and AEMO's <i>Consultations with jurisdictions for the Integrated System Plan Guideline</i>⁴⁵. As noted in the 2025 <i>IASR</i>, AEMO considers that governments have a critical role to perform in setting the pace and breadth of the energy transition through policy direction and international commitments. The regulatory framework underpinning the ISP also recognises that policy settings are a key influence on the future investment needs of the power system, as AEMO must consider all government policies in the AEMC Targets Statement and also chooses to consider other policies which meet specified NER criteria when determining power system needs for the purposes of the ISP. The 2026 ISP therefore reflects government policy settings, to ensure investment decisions are appropriately considering the impact of government policies. Section 3.1 of the 2025 <i>IASR</i> sets out in detail how AEMO considered policy in the 2026 ISP, including AEMO's approach to identifying the policies to be considered as well as the specific policies and targets included as inputs and assumptions in the 2026 ISP. AEMO notes that the way that policy is treated in the ISP is a question currently being considered by the AEMC for the <i>Clarifying the treatment of jurisdictional policies and system costs in the ISP</i> rule change proposal⁴⁶. The AEMC is also undertaking a <i>Review of the Integrated System Plan framework</i>⁴⁷. AEMO anticipates that the AEMC's final determinations on these reform processes will provide more clarity on the appropriate treatment of policy in the ISP. This will shape the treatment of policy in the 2028 ISP and beyond. In relation to the EEC's recommendation to analyse higher energy efficiency uptake beyond current policy settings, AEMO notes that the <i>Step Change</i> energy efficiency forecast anticipates ongoing existence of supportive policies for energy efficiency investments.
The Next Economy requested the embedment of place-based regional outcomes and readiness into ISP sequencing and decision-making rather than the ISP relying on least-cost modelling.	AEMO agrees with The Next Economy that close engagement with local stakeholders and communities is crucial for infrastructure project delivery, including consideration of local perspectives on sequencing of any works and on decision-making. Wherever possible AEMO includes project proponents' advice on early engagement outcomes with stakeholders and communities. AEMO does not directly engage with communities regarding projects identified in the ISP, consistent with its National Transmission Planner role. For more information, see Appendix A8 Social Licence.
The Climateworks Centre recommended that AEMO commit to targeted demand-side sensitivities integrated within CDP construction rather than treating sensitivities as peripheral tests. It also asked AEMO to increase transparency of demand-side evidence and commit to developing targeted sensitivities.	AEMO acknowledges Climateworks Centre's recommendation to integrate targeted demand side sensitivities into CDP construction. In response to integrating demand-side technologies within CDP construction, AEMO's view is that consumer decisions to invest in CER (including as rooftop PV, home batteries, VPPs and V2G), energy efficiency and electrification are influenced by a range of factors, not solely economics. Co-optimising these investments with supply-side infrastructure within the ODP, without capturing these broader drivers and intrinsic values, risks underestimating the scale and persistence of consumer uptake, and therefore the contribution consumers are making, and are likely to continue making, in the energy transition. AEMO will therefore continue to forecast the level of CER uptake separately from the ISP as per the current forecasting practice. Additionally, the role of sensitivities in the ISP is guided by the <i>ISP Methodology</i>, which uses sensitivity analysis to test the robustness of the ODP's selection, rather than informing CDP development. For the 2026 ISP, AEMO has used demand side factor sensitivities to assess how different

⁴⁵ See <https://www.aemo.com.au/-/media/files/major-publications/isp/2026/consultation-with-jurisdictions-for-the-integrated-system-plan.pdf>.

⁴⁶ See <https://www.aemc.gov.au/rule-changes/clarifying-treatment-jurisdictional-policies-and-system-costs-isp>.

⁴⁷ See <https://www.aemc.gov.au/market-reviews-advice/review-integrated-system-plan-framework>.

Stakeholder feedback	AEMO response
	assumptions affect total system costs and the efficient development of the power system, and to test the ODP against different demand side factor assumptions.
The ANU Centre for Energy Systems requested that a process be undertaken to generate alternatives in the first stage of the ISP capacity outlook modelling process (known as the SSLT step), to explore a broader range of development paths.	AEMO is open to stakeholder suggestions on how the ISP modelling process could incorporate a broader range of development paths. AEMO also appreciates that the ANU Centre for Energy Systems proposed a modelling approach taking computational constraints into consideration. AEMO notes that for the 2026 ISP, modelling has been undertaken pursuant to the <i>ISP Methodology</i> , which was consulted on and finalised in June 2025, prior to modelling commencing for the Draft 2026 ISP. AEMO will continue to evaluate stakeholder views on modelling process improvements as part of ongoing ISP development.
Transparency on modelling approach	
Several stakeholders requested transparency on general methodology and approach, including clarification on: • which types of generation technology were assessed against the recommended renewables mix (Etrog Consulting), • how distribution networks were modelled (SACOSS, Lighter Footprints), • the scenario weightings methodology (JEC), and • the impact of retail price inputs on investment decisions (Alinta Energy).	AEMO understands that stakeholders have expressed interest in how specific elements of the ISP were prepared or modelled. AEMO notes that it has published comprehensive information on its approach to developing the ISP in its <i>ISP Methodology</i>, available on AEMO's website. The <i>ISP Methodology</i> sets out AEMO's approach to modelling, power system assessment, and the process that it undertakes to identify the ODP. AEMO has also provided further explanatory material on how inputs and assumptions contributed to the outcomes in the <i>Addendum to the Draft 2026 ISP</i>. AEMO makes the following comments in response to specific points of feedback: • The <i>ISP Methodology</i> includes information on how AEMO prepares inputs for the capacity outlook model. The ISP model selects options which can provide the necessary generation capacity at a cost-effective rate. • AEMO acknowledges stakeholder interest, particularly from consumer and community advocates, in the opportunities presented at the distribution and sub-transmission level and how these are modelled and represented in the ISP. The approach that AEMO took to developing the Demand Side Factors statement for the 2026 ISP is set out in further detail in Appendix A9. AEMO notes that the 2026 ISP is the first to include a Demand Side Factors statement, and that the approach to developing this statement will be refined for future ISPs. • AEMO has published information on its website⁴⁸ to provide transparency on the approach and key considerations informing scenario weightings. • In relation to retail price inputs, retail prices are not a direct input into the ISP modelling, but they inform the energy demand projections.
Endeavour Energy requested clarification on whether distribution options are included in the core ODP optimisation or assessed ex-post.	AEMO notes that the scale of distribution network investment to support CER export is co-optimised alongside transmission in ISP modelling as part of identifying the ODP. In other words, the scale of distribution network investment is not determined ex-post.
JEC recommended that the ISP include confidence ranges and skew in all of its projections, as it considers that the lack of error bars reduces decision usefulness.	AEMO notes that planning for power system needs is an inherently uncertain exercise. AEMO considers that the current application of scenario and sensitivity analyses to provide risk-neutral and risk-averse assessments of different development paths is an appropriate way to account for uncertainty when assessing the ODP. AEMO also releases uncertainty ranges for key inputs and assumptions, namely generation, storage and transmission network cost estimates prepared for the 2025 IASR, 2025 GenCost and 2025 <i>Electricity Network Options Report</i> .

⁴⁸ At https://www.aemo.com.au/-/media/files/major-publications/isp/2026/2026-isp-scenario-weighting-overview.pdf?rev=4dae70ae407241f68e19e768a4ce2a14&sc_lang=en.

5.5 Project deliverability

5.5.1 Summary of material issues raised in submissions and AEMO's response

Stakeholder submissions on this topic emphasised the importance of delivering specific transmission projects and other essential infrastructure projects in a timely manner to maintain system security and support the energy transition. A common theme across these submissions was a desire for stronger mechanisms to support timely delivery, with stakeholders calling for clearer accountability or policy measures to help ensure projects progress when they are needed. AEMO agrees that the timely delivery of infrastructure will be critical to the pace of the energy transition and to achieving the benefits of new infrastructure and REZs. This is supported by the results of the *Constrained Delivery* sensitivity, which underscore the need to commence planned and actionable projects in the ODP now.

Stakeholder feedback	AEMO response
Accounting for delayed delivery risks	
Stakeholders including CEC, CEIG, the International Hydropower Association, Transgrid and QEUN emphasised the criticality of progressing projects in a timely manner. CEIG said that transmission remains a critical enabler of the transition and that delivery risks presented by regulatory, planning and approvals delays, social licence challenges, and supply chain constraints should be considered priority areas for reform by governments and decision-makers. CEIG stated that actionable transmission projects are “no regrets” even with constrained delivery and recommended coordinated action to progress it. CEC recommended that “all parties” commit to a concerted push to deliver necessary transmission infrastructure in a timely manner and noted challenges to date in delivering the ODP. QEUN expressed concerns relating to the delivery of long-duration energy storage projects (such as Snowy 2.0), and concern that delayed delivery of these projects would have significant impacts on reliability and security.	AEMO agrees on the criticality of delivering transmission projects in a timely manner. The final 2026 ISP reaffirms that renewable energy, firmed with storage and connected by upgraded networks, presents the least-cost way to supply secure and reliable electricity to consumers while meeting government policies. The 2026 ISP also acknowledges and emphasises that while significant momentum is already underway in delivering investments in generation, storage and transmission, challenges remain in delivering essential infrastructure at the pace required. The 2026 ISP includes the <i>Constrained Delivery</i> sensitivity, which tests the effects of constrained delivery on the benefits delivered by the ODP. The <i>Constrained Delivery</i> sensitivity shows that delays in the delivery of infrastructure would lessen the benefits of the ODP. The <i>Constrained Delivery</i> sensitivity and its results clearly highlight the need for continued investment in the transition. AEMO, as the National Transmission Planner and market operator, will continue to provide detailed, independent planning and forecasting advice to inform the strategic decision-making needed to progress essential infrastructure projects.
A few stakeholders expressed a desire for the ISP to promote greater accountability for timely project delivery. ATSE recommended that the ISP clearly articulate the system risks posed by project delays; CEIG expressed a desire for the ISP to evolve into a genuine delivery framework; and Nexa Advisory suggested that a National Implementation Plan be progressed by governments and market bodies alongside the ISP.	AEMO understands stakeholder concerns that projects may not be delivered when they are needed. Some stakeholders have suggested that the ISP include stronger accountability measures or evolve into a delivery framework. AEMO notes that the ISP is prepared by AEMO as part of its National Transmission Planner functions under the National Electricity Law and the NER. The AER is responsible for monitoring compliance with and enforcing the obligations of project proponents. While the ISP sets out the identified need for an actionable project, the proponent must progress a project by identifying a preferred option by applying the RIT-T, pursuant to the NER and <i>Cost Benefit Analysis Guidelines</i>. The ISP acknowledges that the energy transition depends on timely investment decisions, which can be hampered by uncertainty. To help reduce that uncertainty, governments have a range of targets, policies, mechanisms and initiatives to support energy infrastructure and investment.

Stakeholder feedback	AEMO response
	Examples include the Federal Capacity Investment Scheme, the Electricity Infrastructure Roadmap in New South Wales, the Firm Energy Reliability Mechanism in South Australia, the Queensland Energy Roadmap, the State Electricity Commission of Victoria, the Tasmanian Renewable Energy Target and battery programs in the Australian Capital Territory. AEMO also publishes reports such as the ESOO and TPSS, which highlight gaps and opportunities in the power system that may emerge over the next decade, and which are intended to help investors make more informed decisions.
SACOME requested that mechanisms that allow transmission proponents to undertake planning works early ahead of a project being declared actionable should be more fully utilised in the ISP to better facilitate transmission being ready for development when trigger conditions occur.	AEMO agrees on the importance of planning for projects that may be beneficial in the future but which are not currently actionable in the ISP. Projects that are found to be beneficial in the future are given the 'future ISP' project status and, where appropriate, the ISP may require preparatory activities to be undertaken for those projects. In the 2026 ISP, the majority of transmission projects required before 2040 are already actionable.
Sensitivity analysis	
Stakeholders including CEIG were generally supportive of the <i>Constrained Delivery</i> sensitivity. Other stakeholders including Alinta Energy and EnergyAustralia agreed and went further, considering that the sensitivity should be elevated in importance in the ISP. These stakeholders emphasised the structural risks posed by delayed transmission and requested that the <i>Constrained Delivery</i> sensitivity either be used as a scenario or elevated in importance in ODP selection.	AEMO appreciates stakeholder support for the <i>Constrained Delivery</i> sensitivity and recognises that there is interest in this sensitivity being used as a formal ISP scenario. Under the NER, AEMO must consider all government policies in the AEMC Targets Statement and also chooses to consider other policies which meet specified NER criteria when determining power system needs for the purposes of the ISP. Efficient investments in the energy transition and the ODP must therefore have visibility of, and regard to, the direction that is provided through government policy. The delivery constraints applied in the <i>Constrained Delivery</i> sensitivity result in outcomes where not all government policies and targets are achieved. This sensitivity therefore cannot be adopted as an ISP scenario under the current regulatory framework. This does not diminish the significance of the <i>Constrained Delivery</i> sensitivity. Sensitivity analysis plays an important role in the ISP and can materially influence ODP selection. More information about the <i>Constrained Delivery</i> sensitivity and how it was considered in finalising the ODP is available at Appendix A6 Cost Benefit Analysis.
Several stakeholders expressed concerns in relation to the deliverability of projects for various reasons, such as investment conditions, workforce availability, lack of social licence, cost escalation, and slower technical or commercial progress. Stakeholders recommended that the ISP consider specific types of risks: • Alinta Energy requested analysis reflecting current investment conditions, noting reduced investment appetite and social licence constraints. • CS Energy requested a sensitivity where coal is directed to be kept online due to transmission delivery delays. • Powering Skills Organisation requested analysis of explicit workforce and skills constraints as causal sensitivities and noted skills constraints exist in the hydrogen industry. The Next Economy recommended that regional workforce constraints also be considered. • Windlab requested analysis of more limited build rates for projects in the ODP due to challenges with community sentiment.	AEMO has reviewed stakeholder requests for additional or expanded sensitivities to further test the robustness of the ODP. AEMO considered a wide range of additional sensitivities proposed through consultation, however, not all could be modelled within ISP development timeframes and with the available resources. For the final 2026 ISP, AEMO prioritised a targeted set of sensitivities designed to test the robustness of the ODP to a plausible set of risks and uncertainties. AEMO recognises that there was significant interest from stakeholders in the risks posed by constrained delivery, including requests for expanded sensitivity analysis to test the ODP's robustness across a broader range of risks. Stakeholders highlighted a range of potential delivery risks, including cost escalation, social licence and workforce constraints, and delays in project energisation or technical and commercial progress. AEMO has, therefore, evolved the <i>Constrained Delivery</i> sensitivity to better capture the potential consequences of these risks, by revisiting limits on technology build rates and by reflecting actual interests in the connections pipelines to better reflect the current development landscape. This is further discussed in Appendix A2 ISP Development Opportunities and Appendix A6 Cost Benefit Analysis.

Stakeholder feedback	AEMO response
• CSPER recommended a “delivery realism” sensitivity, and Origin Energy requested a sensitivity reflecting slower and more costly project development aligned with recent experience. • Hydro Tasmania requested the expansion of the <i>Constrained Delivery</i> sensitivity to reflect slower technical or commercial progress. • CIS recommended a scenario or sensitivity specifically for delays to Snowy 2.0 and also for cost delays. • Squadron Energy recommended that the <i>Constrained Delivery</i> sensitivity account for changes to costs, delivery constraints, and financing. • Snowy Hydro expressed concerns that the <i>Constrained Delivery</i> was still too optimistic on build rate and recommended that sensitivities in which other jurisdictional targets are not met also be modelled.	
Credibility of the ISP	
ARDPL expressed concerns about the feasibility of the ISP, noting that the ISP does not include an assessment of the feasibility of actionable and future ISP projects within projected timeframes. ARDPL’s submission states that there are major areas where the ODP is disconnected from likely developments in the NEM, such as construction timeframes and costs. Windlab also recommended more calibration of modelled build against project reality, noting that it has been unlikely to date for significant wind projects to be delivered in under 10 years. Walcha Council suggested that solar and wind projects align with market and development forces.	AEMO is highly attuned to the importance of ensuring the ISP remains feasible and reflective of real-world development and market conditions. For example, since the Draft 2026 ISP, AEMO has aligned its generation modelling to the connections pipeline to better reflect near-term developer interest that may develop in certain REZs sooner than other REZs with modelled new entrants. AEMO joint plans with TNSPs on the lead time estimates of options as part of the <i>2025 Electricity Network Options Report</i> consultation, as well as on adjustments on those estimates through close joint planning and collaboration with the relevant TNSPs and/or jurisdictional bodies. AEMO does constructively challenge the feasibility of assumptions provided, where appropriate, and is able to make changes to what inputs are applied, where evidence-based. AEMO has also explored <i>Constrained Delivery</i> sensitivity analysis to see whether the transmission projects proposed in the ODP would still deliver material benefits to consumers if transmission as well as generation and storage projects were unable to be delivered at the pace required and costs were assumed to rise. While there may be many reasons for delivery delays and cost increases – through planning approvals and the need for social licence, the supply chain, construction, competing for skills and equipment as global demand rises – the <i>Constrained Delivery</i> sensitivity shows the actionable and future projects on the ODP would still deliver material benefits to consumers.
EnergyAustralia stated that the Draft 2026 ISP assumed a significant increase in workforce from 2025 to 2026 and expressed that more empirical evidence around this assumption is needed to strengthen credibility. EnergyAustralia noted that workforce constraints are challenging from both a modelling and implementation perspective. The Next Economy recommended that regional workforce capacity and enabling infrastructure be incorporated into ISP assumptions and sequencing, citing evidence of skills shortages and infrastructure strain.	AEMO agrees that delivering the ODP will necessitate an increase in the energy sector workforce. While some workforce considerations are accounted for in the infrastructure cost estimates applied as inputs to the ISP, ultimately AEMO does not make assumptions about workforce availability when assessing the ISP. Rather, AEMO publishes the ISP outcomes highlighting what investment is required to meet power system needs and government policies at least cost for consumers, to inform decision makers, including those responsible for considering workforce implications. AEMO notes that the 2026 ISP includes a <i>Constrained Delivery</i> sensitivity, which explores the robustness of the ODP to a limited rate of build for transmission, generation, and storage projects. While this sensitivity does not isolate workforce shortages specifically, Appendix A6 acknowledges that a range of factors can contribute to delivery delays, including construction constraints. <i>Constrained Delivery</i> also assumes higher costs for generation, storage, and transmission projects. The results of the <i>Constrained Delivery</i> sensitivity demonstrate that, although delivery delays may reduce the overall benefits of the ODP and slow the achievement of various policies, the ODP remains robust to delivery constraints and commencing or continuing work on ODP projects is an important mitigant for the risk of delays.

5.6 Cost-benefit analysis framework

5.6.1 Summary of material issues raised in submissions and AEMO’s response

Stakeholders who commented on the cost-benefit analysis mostly either requested changes to the framework and methodology, or to specific elements of the cost-benefit analysis, for example assumptions in relation to a specific type of cost. The ISP modelling methodology is consulted on earlier in the two-year process, where stakeholders have the opportunity to shape the analytical framework. At this stage between the Draft and final ISP, AEMO has focused on applying the established methodology consistently, while assessing stakeholder feedback on its implications for inputs and outcomes.

AEMO has considered feedback proposing changes to the modelling approach and, where appropriate, has used this feedback to clarify and explain the current methodology, interpret results and test sensitivities. Broader methodological changes require careful consideration and stakeholder consultation to ensure consistency with the overall ISP framework, and AEMO will continue to evaluate stakeholder views on methodology as part of ongoing ISP development.

Stakeholder feedback	AEMO response
Framework and methodology changes	
Several stakeholders requested changes to the methodology or process for the cost-benefit analysis, with requests for: - the analysis to include “whole-of-system” costs (Dr James Taylor) or to set out full behind the meter costs (Electric Power Consulting) - a different cost stack or categories of costs to be included in the cost benefit analysis, including “sunk costs” (Dominic Wild, ARDPL) - the analysis to include the economic benefits of avoiding areas of high biodiversity value (Future Earth Australia), and - a “use by” date on projected net consumer benefits so that benefits to consumers can be re-assessed if project details change (ISP Consumer Panel).	AEMO acknowledges that some stakeholders would like to see changes to the cost benefit analysis methodology applied to prepare the ISP. AEMO conducts the ISP cost benefit analysis pursuant to the NER and the AER’s <i>Cost Benefit Analysis Guidelines</i>. Together, the NER and <i>Cost Benefit Analysis Guidelines</i> provide comprehensive and detailed binding requirements and non-binding guidance on the process that AEMO must follow when assessing the costs and market benefits of different CDPs. Regarding Dominic Wilde and ARDPL’s requests, AEMO excludes the cost of existing assets as these costs have already been incurred and therefore do not impact AEMO’s identification of the ODP in the ISP. AEMO excludes approved early works from transmission augmentation option cost estimates per the <i>Cost Benefit Analysis Guidelines</i>. These costs have already been incurred to progress delivery of the associated transmission augmentation option. That is, the ISP should only consider the marginal, or additional, cost required to deliver the transmission augmentation option. Finally, AEMO excludes the costs of committed and anticipated projects as these projects are assumed to be delivered in all CDPs, and in the counterfactual development path, and therefore including the costs of these projects would have no impact on the ISP’s cost benefit analysis. In relation to the request for a “use by” date on projected net consumer benefits and more frequent re-assessments of project actionability, AEMO notes that the ISP is refreshed every two years using an updated set of inputs, assumptions, and scenarios. This two-year cycle is relatively tight and would be challenging to compress any further without sacrificing rigour. Consumer safeguards are further embedded through the feedback loop mechanism, which must be passed by project proponents to be eligible to submit a contingent project application for cost recovery from the AER.
EcoJoule Energy recommended that distribution options be treated as a primary least-cost option.	AEMO has not treated distribution options as a primary least-cost option in the 2026 ISP. The decision to make distribution network development opportunities actionable under the ISP framework in the NER would require a rule change. AEMO has provided a sub-regional breakdown of

Stakeholder feedback	AEMO response
	identified distribution network development opportunities in Figure 7 of Appendix A9 Demand Side Factors statement. Details of the sub-regional breakdowns are also provided in the generation and storage outlook workbooks that are published with the 2026 ISP report.
EESN requested that the ISP identify a “no regrets” pathway to accelerating the transition to a high IBR penetration grid, noting reliability concerns in relation to ageing coal generators.	AEMO notes that the ISP reports on the least-worst weighted regrets of the CDPs in Appendix A6 Cost Benefit Analysis. Table 15, specifically, reports on the performance of each CDP when a least-worst weighted regrets analysis is performed. AEMO selects the ODP by having considerations of the weighted net market benefits (risk-neutral approach) and the least-worst weighted regret (risk-averse approach) as well as the results of the sensitivity analysis that takes into account uncertainties in some key parameters. The intent of this approach is to ensure the robustness of the selection of the ODP across many uncertainties and lowers regret. Further information on this analysis is available in the <i>ISP Methodology</i>.
Inputs and assumptions	
Multiple stakeholders questioned the accuracy of specific aspects of the cost-benefit analysis including: - transmission build costs (QEUN), - the WACC applied to long-duration pumped hydro projects (ANU Centre for Energy Systems), - Tasmanian pumped hydro costs (ANU Centre for Energy Systems), - non-REZ connection costs (Alinta Energy), - distribution capex figures (Electric Power Consulting), - cost assumptions and the assumed benefits of offshore wind (Southerly Ten), and - the benefits or future costs prevented by avoiding areas of high biodiversity value (Future Earth Australia).	AEMO recognises the importance of ensuring that the cost-benefit analysis underpinning the ISP is as robust and accurate as possible. The inputs and assumptions used for the cost-benefit analysis for the 2026 ISP were consulted on as part of the 2025 IASR consultation process. AEMO also prepared an Addendum to the 2025 IASR to provide additional transparency over how inputs and assumptions were derived. In response to specific points raised by stakeholders, AEMO notes that: - For the 2025 <i>Electricity Network Options Report</i>, AEMO engaged a consultant to prepare a comprehensive update to the Transmission Cost Database, informed by recent transmission project tendering outcomes in the NEM, as well as the latest updates from project proponents considering projects from the 2024 ISP. More information about the updated Transmission Cost Database is on the <i>Electricity Network Options Report</i> page of AEMO’s website⁴⁹. In some cases, project option costs were updated between Draft and final ISP, where evidence was provided by joint planning bodies and subject to AEMO’s review using the TCD. - In relation to technology-specific WACCs, AEMO engaged a consultant to determine the appropriate WACC for each technology. A report summarising how each technology-specific WACC was reached is available on AEMO’s website⁵⁰. - Regarding Alinta Energy’s comment on non-REZ connection costs, AEMO acknowledges that there are some projects intending to connect outside of REZ locations. AEMO does not agree that optimistic connection costs for non-REZ areas bias the ODP towards only considering REZ based projects. Non-REZ connection costs are already higher than REZ connection costs as they assume longer connection transmission lines to the projects are needed, on the basis that these are areas where the resources are further from the line, or that land is not available closer to the electrical network. AEMO will consult again on the non-REZ connection costs through the 2027 <i>Electricity Network Options Report</i>, and would welcome any specific evidence or data to inform any future update of these assumptions. - Regarding Electric Power Consulting’s request that AEMO review its distribution network investment costs, AEMO has involved DNSPs in determining the costs of solutions to resolve voltage management issues that arise during periods of high CER export. Further information can be found in the 2025 <i>Electricity Network Options Report</i>. - Regarding Southerly Ten’s recommendation, AEMO notes that the 2026 ISP includes projects necessary to allow the connection of offshore wind capacity to meet the Victorian Offshore Wind Target of 9 GW by 2039-40.

⁴⁹ At <https://www.aemo.com.au/consultations/current-and-closed-consultations/2025-electricity-network-options-report-consultation>.

⁵⁰ At https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2024/2025-iasr-scenarios/final-docs/oxford-economics-australia-discount-rates-for-energy-infrastructure-report.pdf?rev=2b6a76734b334a309f30167baa7e154d&sc_lang=en.

Stakeholder feedback	AEMO response
Sensitivity analysis	
CSPER recommended multiple sensitivities involving non-linear costs, including a storage-related sensitivity with non-linear degradation costs and a transmission-related non-linear cost escalation sensitivity.	AEMO consulted on the cost escalation approach through the 2025 <i>Electricity Network Options Report</i> consultation and applied this approach in developing network options for the Draft 2026 ISP. AEMO did not adopt a different cost escalation approach for the final 2026 ISP because it did not consider it appropriate to change the approach without further consultation. AEMO also considered that the additional modelling complexity may not provide sufficient value and, in some cases, may make the results harder to interpret.
BZE recommended assessing whether earlier than optimal delivery of transmission has a positive impact on economic outcomes.	The scope of the ISP is limited to electricity system underpinning the NEM, and any analysis that includes whole-of-economy benefits is outside the scope of the ISP.
Transparency	
EnergyAustralia recommended that projects with narrow net benefit headroom be justified clearly and transparently.	AEMO notes that information on the cost-benefit analysis underpinning the selection of the ODP is detailed in Appendix A6 Cost Benefit Analysis. Section A6.6.3 of Appendix A6 explores the value of individual projects being delivered through three different approaches – assessing the value of the project being delivered instead of not delivered at all, assessing the net market benefits of delivering each project within its actionable window, and assessing the weighted and worst weighted regrets of not delivering a project. These analyses explain the inclusion of a project in the ODP, its status as actionable, and the ‘regrets’ of not delivering the project in an actionable time frame, respectively. An example of this can be found at page 80 onwards of Appendix A6 Cost Benefit Analysis, which steps out the relative market benefits of the Sydney Ring South – 500 kV transmission option compared to not delivering it at all (using the take-one-out-at-a-time approach or ‘TOOT’ analysis) which shows \$2.9 billion relative market benefits, the net market benefits of delivering the project at an actionable timing compared to delaying it outside of its actionable window which shows \$220 million improvements in weighted net market benefits, and the \$177 million improvement in worst weighted regrets associated with same.
EESN requested clarity on whether and how the cost-benefit analysis factored in the costs of lower levels of system security more broadly, for example costs to the economy, human health, and government services.	AEMO notes that generation and storage development pathways identified in the ISP must meet system security requirements under the NER. All CDPs assessed in the ISP modelling are required to satisfy these constraints. The cost-benefit analysis undertaken as part of the ISP includes the costs of meeting minimum and efficient levels of system strength and system security requirements. These costs are reflected in the modelling inputs and are reported in Appendix A6 and the Generation and Storage Outlook Workbooks published as part of the 2026 ISP. The scope of costs and benefits assessed in the ISP is defined by the AER’s <i>Cost Benefit Analysis Guidelines</i>. Consistent with these guidelines, the ISP focuses on costs and benefits that can be robustly quantified and compared within a national, system-wide planning framework. Broader impacts – such as economy-wide costs, human health outcomes, and impacts on government services – are not explicitly quantified in the ISP CBA. These impacts are typically considered through other policy and regulatory processes outside the ISP framework.
CIS requested clarity on which projects are considered regulated and which are considered unregulated for the purpose of the cost-benefit analysis.	AEMO thanks CIS for highlighting where greater clarity is needed in the cost-benefit analysis. The ISP assumes actionable projects are progressed as regulated investments. ISP projects are typically regulated and the NER link actionable ISP projects to the RIT-T framework and economic regulation processes. Transmission projects other than actionable ISP projects can be identified as actionable jurisdictional projects if they are progressing under a jurisdictional framework. This does not preclude unregulated projects from being considered in the ISP and projects or credible options that should more appropriately be identified as unregulated will be treated accordingly. For any unregulated transmission projects included in the ISP, a higher WACC is applied to reflect greater merchant risk relative to their regulated counterparts, consistent with the 2025 IASR.

Stakeholder feedback	AEMO response
EnergyAustralia and Electric Power Consulting requested that system level costs be translated to end-use price impacts.	AEMO acknowledges stakeholder interest in understanding the end-use price impacts of specific investments. The purpose of the ISP, pursuant to the NER, is to set out a system-level plan to meet power system needs over at least the next 20 years. In selecting an ODP, AEMO is required to follow the cost benefit analysis framework set out in the <i>Cost Benefit Analysis Guidelines</i> . This cost benefit analysis framework is designed to assess NEM-wide system costs rather than the impacts of specific investments on consumer bills. Further detail on the ISP cost-benefit analysis and its application is provided in Appendix A6 Cost Benefit Analysis. AEMO also notes that the AEMC's annual Residential Electricity Price Trends report ⁵¹ , which provides a 10-year outlook for residential electricity prices and energy costs in the NEM, may provide further insights on the potential impacts of the changing energy landscape on residential electricity prices.

5.7 Distribution networks and distribution-level opportunities

5.7.1 Summary of material issues raised in submissions and AEMO's response

Stakeholders who commented on this topic called for more granular and consistent data sets, as well as expanded analysis of distribution-level opportunities and how they might reduce the need for transmission. Stakeholders also requested further transparency on the approach taken to modelling distribution-level opportunities and further explanation of the opportunities themselves as reflected in the Demand Side Factors statement. AEMO acknowledges this feedback and notes that the 2026 ISP is the first iteration of the ISP to include opportunities in the distribution network, in response to changes to the ISP framework in 2024. Reforms are ongoing, with the AEMC having recently published a directions paper for Integrated Distribution System Planning, and AEMO looks forward to continuing to work with distribution network planners, industry, governments, market bodies and consumer groups on reforms that drive benefits for both consumers and the power system.

Stakeholder feedback	AEMO response
Inputs and assumptions	
Several stakeholders (Ausgrid , IEEFA , Endeavour Energy , Ergon Energy Network and Energex , and Climateworks Centre) called for AEMO to identify ways to enhance information inputs to the ISP and improved transparency, specifically to do with strengthening DNSP data, consistency and visibility.	AEMO notes stakeholders' suggestions regarding DNSP data collection processes, data consistency and transparency of data used to inform the Demand Side Factors statement. AEMO notes that Appendix A9 relies on voluntary data provision from DNSPs for the 2026 ISP. For the 2028 ISP, AEMO will collect data from DNSPs under the <i>Demand Side Factors Information Guidelines</i> , which AEMO consulted on in the latter half of 2025 ⁵² . This will include data collection on both network capability information and CER export enablement costs. AEMO welcomes DNSPs' involvement in improving data collection processes and distribution network modelling for subsequent ISPs.
IEEFA recommended enhancements to the data-collection approach used for the Demand Side Factors statement, suggesting that more data should be	In response to IEEFA , AEMO recognises the importance of ensuring DNSPs provide accurate CER export capability and cost information for application in ISP modelling. For future ISPs, AEMO will perform quality assurance as set out in the <i>Demand Side Factors Information Guidelines</i> .

⁵¹ See <https://www.aemc.gov.au/market-reviews-advice/residential-electricity-price-trends-2025>.

⁵² See <https://www.aemo.com.au/consultations/current-and-closed-consultations/2025-demand-side-factors-information-guidelines-consultation>.

Stakeholder feedback	AEMO response
collected from DNSPs, and that independent analysis of distribution costs may be beneficial. Ausgrid argued that AEMO's use of long-run marginal cost (LRMC) data over-estimates the cost of distribution network opportunities to support greater CER export, and that AEMO should avoid relying on LRMC information.	On Ausgrid's suggestion regarding costs, AEMO notes that specific cost advice provided by DNSPs has been included in the 2026 ISP where possible, and that LRMC information was applied in instances where specific advice could not be provided. AEMO further notes that DNSPs will have the opportunity to provide cost information to AEMO for future ISPs under the <i>Demand Side Factors Information Guidelines</i> . AEMO may continue to consider DNSP LRMC information published by the AER alongside information provided directly by DNSPs under the Guidelines.
While supportive of AEMO's consideration of utility solar in distribution networks, Windlab recommended that AEMO be aware of the limitations regarding renewable build out and modelling of onshore wind in distribution networks.	AEMO acknowledges Windlab's advice regarding build limits for distribution-connected utility scale generation and storage. AEMO approximated land-use limits for new distribution projects based on nearby REZs, and consulted with DNSPs, TNSPs, and jurisdictional planners on limits before including these options in the 2025 <i>Electricity Network Options Report</i> and 2026 ISP. AEMO will consider any new information made available to AEMO when developing and consulting on the 2027 IASR.
Ergon Energy and Energex recommended revisiting the assumption that 80% of new CER faces no export constraints, noting that it considers this figure is too high.	AEMO appreciates Ergon Energy Network and Energex's feedback regarding the demand-driven augmentation assumption. Under this assumption 80% of new CER in Queensland distribution networks would be naturally supported by demand-driven network augmentations. The remaining proportion of new CER uptake (20%) is assumed to only be supported up to the capacity of the existing distribution network, unless distribution network development opportunities are identified as being efficient. While AEMO acknowledges Ergon Energy Network and Energex's view that 80% is too high, this figure was determined through workshops with DNSPs ahead of preparation of the Draft 2026 ISP. AEMO did not re-run the full set of DNSP inputs between draft and final 2026 ISP due to timing constraints and considering other modelling priorities. For future ISPs, DNSPs will be able to advise AEMO of a proposed proportion that they consider to be appropriate for their network, per the <i>Demand Side Factors Information Guidelines</i> .
Modelling and requests for additional analysis in the Demand Side Factors statement	
JEC recommended that a framework for identifying the efficient level of network curtailment for distribution networks be added to the ISP, and that this framework recognise that the efficient level of curtailment is changing and rises with the increased penetration of coincident generation.	AEMO recognises the importance of understanding efficient levels of network curtailment as generation becomes more coincident. The ISP focuses on system-level planning to identify a least-cost development path across the National Electricity Market. For the ISP, AEMO does not assume that a particular level of CER curtailment is efficient as an input for ISP modelling (and does not assume an efficient level of curtailment for utility-scale generation either). Instead, AEMO observes and reports curtailment outcomes for CER and utility-scale generation, noting that if the observed level of curtailment were not efficient, additional investment would be identified as part of the ODP; the DSF statement does report the rooftop and small-scale solar curtailment after considering distribution network development opportunities which efficiently support CER export from the distribution networks. However, determining the efficient curtailment levels within distribution networks via a specific framework is not addressed within the current scope of the 2026 ISP. Assessments of distribution network performance – including the efficient level of curtailment and its evolution over time – depend on detailed, local network characteristics, operational practices, and jurisdictional frameworks, and are therefore primarily addressed through distribution planning processes rather than the ISP. AEMO will continue to monitor developments in this area and consider how emerging insights may be incorporated into future planning approaches where relevant.
NSW DCCEEW recommended that the ISP incorporate modelling of lower voltage levels, noting that the New South Wales Distribution System Plan Opportunities Report identified additional low-cost options at this voltage level. EcoJoule Energy similarly recommended that AEMO enhance the constraints related to distribution networks in ISP modelling, and urged AEMO to	AEMO appreciates NSW DCCEEW's preference for AEMO to consider low-voltage distribution networks in future ISPs, and EcoJoule Energy's request for enhanced distribution network constraints. AEMO notes that it has already considered distribution network limits down to the distribution transformer level for the 2026 ISP, reflecting limits on distribution network assets operated at less than 1 kilovolt (kV). While this means that AEMO has considered the limits of the many (almost 500,000) distribution transformer sites across the NEM, AEMO is only able to represent distribution networks at an aggregated level in the ISP due to computational limitations. AEMO also notes that the 2026 ISP is the first

Stakeholder feedback	AEMO response
integrate the findings of the New South Wales Distribution System Plan Opportunities Report where possible.	ISP to include a Demand Side Factors statement, and AEMO expects that its consideration of distribution network development opportunities will evolve over time as modelling capacity and data availability improve. AEMO recognises the importance of the New South Wales Distribution System Plan Opportunities Report and its findings. The report identifies a broad scope of distribution-related opportunities that may offer benefit to consumers, including greater CER coordination, network and community batteries, and distribution network augmentations. For the ISP, AEMO has consulted on assumptions regarding CER uptake and consumer participation in CER coordination arrangements, and on the distribution network development opportunities considered in the 2026 ISP as candidate investments (which were primarily determined from information directly provided to AEMO by DNSPs). AEMO further notes the ISP and New South Wales Distribution System Plan Opportunities Report have different modelling objectives. On this basis, AEMO does not consider it appropriate to integrate findings from the report directly into the ISP, but is keen to work with stakeholders and AEMC as part of the ISP Review to consider how best to integrate Distribution System Plans in future ISPs.
GE Vernova and EEC commented on the types of distribution-level opportunities identified in the Demand Side Factors statement, requesting analysis of a broader set of opportunities. GE Vernova recommended that AEMO should consider opportunities to raise thermal network limits on CER export in its assessment of distribution network development opportunities to support CER export. EEC also commented on non-network opportunities from efficiency and flexibility and recommended that AEMO quantify these broader non-network opportunities rather than solely focusing on voltage management.	AEMO notes that the scope and analysis of demand side factors considered for the 2026 ISP represents a balance of what was reasonably possible in the time following the NER changes introducing the demand side factors requirements, while also offering stakeholders the opportunity to provide feedback on the overall approach. The Demand Side Factors statement is likely to evolve in successive ISPs as more information is provided by DNSPs under the <i>Demand Side Factors Information Guidelines</i>. AEMO appreciates GE Vernova's feedback, and notes that for the Draft 2026 ISP and final 2026 ISP, AEMO's assessment of distribution network development opportunities to support CER export considered opportunities (primarily at the distribution transformer level) to optimise voltage management, and for network augmentation which would increase thermal network limits. In relation to the Energy Efficiency Council's feedback, AEMO notes that ISP explores the benefits of non-network opportunities, such as greater participation from consumers in coordinated CER arrangements, and energy efficiency, through sensitivity analysis and presents these in the Demand Side Factors statement. AEMO is also working closely with governments in the development of the inaugural DSOO, which will aim to identify and quantify demand-side opportunities that enable decarbonisation, support energy system reliability and security, and lower the cost of the energy transition.
CEC stated that, because DNSPs are diverging in terms of modelling approaches and other processes, policy and regulatory reform is needed to establish a nationally harmonised approach. CEC recommended that AEMO coordinate national dynamic operating envelopes and data frameworks.	AEMO understands that CEC is interested in national reform to harmonise DNSP processes to enable more efficient operability between different DNSPs and across different jurisdictions. AEMO notes that the Enhancing Distribution Network Planning & Reporting rule change⁵³ seeks to improve the consistency of distribution network planning, and include consideration of greater transparency of hosting capacity. The AEMC recently released a Draft determination on the rule change. The AEMC is also taking forward relevant recommendations of the National CER Roadmap (M3/P5) workstream's final report⁵⁴, including formalising DNSPs as Distribution system operators (DSOs), enabling a greater focus on efficient whole-of-system outcomes, and embedding distribution-level tools to coordinate CER such as dynamic network pricing, dynamic operating envelopes and flexibility services.
EcoJoule Energy and Ergon Energy Network and Energex recommended the application of improved distribution-level constraints and topology.	AEMO advises that while it is using a simplified representation of distribution networks for most DNSPs for the 2026 ISP, this is expected to improve in future ISPs as more DNSPs are able to adopt the Detailed Modelling Pathway (described in the <i>Demand Side Factors Information Guidelines</i>).

⁵³ At <https://www.aemc.gov.au/rule-changes/enhancing-distribution-network-planning-reporting>.

⁵⁴ See <https://www.energy.gov.au/energy-and-climate-change-ministerial-council/working-groups/electricity-working-group/consumer-energy-resources-sub-working-group/redefining-roles-for-market-and-power-systems-operations>.

Stakeholder feedback	AEMO response
EcoJoule Energy recommended the explicit exclusion of STATCOMs and solid-state voltage support in modelling.	AEMO recognises that STATCOMs could form part of a DNSP's solution to manage voltage in its network. However, AEMO cannot consider specific distribution network investment options as it does for transmission, due to the complexity of distribution networks across the NEM and computational limitations faced in ISP modelling. AEMO considers costs which reflect macro-level investments, that may include a range of solution types. For example, voltage management optimisation can include software, operational procedures or physical infrastructure.
Ausgrid recommended that AEMO depict distribution opportunities beyond rooftop solar, for example, utility-scale generation and BESS at sub-transmission voltage. It said this would lead to more accurate demand forecast and allow AEMO to identify and prioritise the most cost-effective opportunities among distribution and demand side options.	AEMO notes that it has considered three categories of distribution network investment in the 2026 ISP: • distribution network augmentation options for distribution-connected utility scale generation and storage (for details, see Appendix A2 and Appendix A5), • distribution network development to facilitate mid-scale generation and storage (for details, see Appendix A2), and • distribution network development to facilitate CER export (for details, see Appendix A9). All three are optimised by the ISP model consistent with the efficient development of the power system. AEMO considered several distribution network augmentation options through joint planning to connect utility-scale generation and storage in the Draft 2026 ISP: Dubbo distribution project, Marulan distribution project, Yass distribution project and Hunter-Central Coast REZ expansions (see the 2025 <i>Electricity Network Options Report</i>). Both Dubbo distribution project and Hunter-Central Coast REZ Expansion were identified as distribution development opportunities on the optimal development path for the final 2026 ISP. Further detail can be found in Appendix A5 Network Investment and Appendix A6 Cost Benefit Analysis. These options were considered in addition to considering distribution network development opportunities to support mid-scale generation and storage and CER.
Transparency	
Climateworks Centre asked AEMO to clarify whether distribution network opportunities are considered alongside utility-scale generation and transmission in the ISP's cost-benefit analysis, whether they are optimised in ISP modelling, and how DSFs are reflected in selection of the ODP.	AEMO thanks Climateworks Centre for helping identify where further clarification could enhance understanding of ODP outcomes. AEMO considers candidate distribution network development opportunities to support mid-scale generation and storage and CER operation in the ISP model alongside transmission network expansion options and utility-scale generation and storage, with outcomes reported in Appendix A2 and Appendix A9 respectively. Large distribution augmentations that were proposed as part of the 2025 Electricity Network Options Report were also assessed in Appendix A6. The ISP model can co-optimize across each investment type by considering the relative costs of each type of investment and its contribution to meeting demand. AEMO is currently unable to identify specific distribution network options (as done for transmission) to support mid-scale generation and storage and CER because of the complexity of distribution networks across the NEM and the need to balance modelling precision against computational limitations. Therefore, AEMO is only able to consider the scale of investments to support mid-scale generation and storage and CER at a macro-level. While distribution network opportunities are co-optimised in ISP modelling, the impacts of various DSFs are assumed inputs to ISP modelling informed by AEMO's expectation of consumers' investment decisions and are constant across CDPs (although they can vary across scenarios). For example, AEMO assumes the same CER uptake across all CDPs for the <i>Step Change</i> scenario. AEMO notes that several sensitivities were conducted in the Draft 2026 ISP in which specific DSFs were varied. AEMO does also consider some opportunities for distribution network developments to support the connection of grid-scale generation and storage. Details for these are provided in Appendix A5.

Stakeholder feedback	AEMO response
SACOME requested additional clarity on the \$160 million investment opportunity identified of distribution network development opportunities to support CER export. SACOME cautioned that CER cannot replace the resources needed to meet large industrial demand.	In the Draft 2026 ISP, AEMO identified \$160 million (net present value) of distribution network development opportunities to support CER export that are consistent with the efficient development of the power system. In the final 2026 ISP, this value increased to \$214 million. This value, and the modelling undertaken to prepare it, is explained in Appendix A9. These opportunities are identified at a macro level, and do not reflect specific distribution network augmentation options. The opportunities identified for South Australia were opportunities to improve voltage management in the distribution network to enable greater CER export. AEMO has not made an assumption in ISP modelling that CER within South Australia can fully satisfy South Australian large industrial load demand. AEMO prepares separate forecasts for demand (including large industrial load demand) and CER behaviour for ISP modelling.
Philippa England recommended further transparency on how distribution network capacity figures were derived, noting that unrecognised capacity could reduce the need for new transmission.	AEMO is aware of the importance of utilising distribution network capacity. AEMO's assumptions regarding the existing capability of distribution networks to support CER export were derived from information provided by DNSPs under one of two pathways: • Under the Asset Data Pathway (taken by all DNSPs except SA Power Networks), DNSPs provided network limit data at the distribution transformer level. In some cases, DNSPs were able to provide CER export limits at the zone substation and sub-transmission substation levels too. Most DNSPs were able to provide CER export limits arising from voltage limitations and thermal limitations for each distribution transformer. In the cases where DNSPs could not provide a voltage-related CER export limit, AEMO assumed that the voltage-related CER export limit was two thirds of the thermal limit based on advice from DNSPs. • Under the Detailed Modelling Pathway (taken by SA Power Networks) distribution network limits on CER export are included in the DNSP's detailed CER curtailment model. AEMO converts the outputs from the DNSP's CER curtailment modelling into a CER generation limit for ISP modelling. For more information on this request, please refer to A9.4 of the Demand Side Factors statement. AEMO's assumptions regarding the existing capability of distribution networks to support mid-scale generation and storage are derived from information provided directly to AEMO by DNSPs and from Regulatory Information Notice (RIN) responses published by the AER. AEMO anticipates that the breadth of the factors assessed in future demand side factors statements will evolve over time. This will need to balance the number of sensitivities and demand side factors that can practicably be included in future ISPs, and the depth of analysis of distribution networks, given data availability and modelling complexity. For the inaugural Demand Side Factors statement in the 2026 ISP, however, AEMO has focused on CER uptake and coordination, and energy efficiency, as the demand side factors most relevant to the efficient development of the power system.
SACOSS stressed the importance of transparency in distribution network modelling. Lighter Footprints said that improved transparency of distribution network modelling could enable third-party innovators to develop new solutions and pricing models for CER and said it could additionally ensure that the benefits of distributed resources are reflected across distribution and transmission planning. SACOSS said AEMO should include the distribution story in ISP planning, noting that DNSPs may have a greater role under rule changes.	AEMO notes stakeholder interest in further transparency in distribution network modelling. AEMO considers that the inaugural Demand Side Factors statement is a significant expansion of the ISP which provides transparency and visibility on distribution network opportunities associated with CER and mid-scale generation and storage, and the impact of demand side factors on the efficient development of the power system. AEMO notes that the Demand Side Factors statement for the 2026 ISP is in its first iteration, and that the statement is likely to evolve over time as data quality and modelling capabilities improve. AEMO has considered how distribution network development can support the efficient development of the power system in the 2026 ISP and has outlined its approach and findings in the Demand Side Factors statement (Appendix A9 of the 2026 ISP). AEMO also recognises that potential rule changes (such as <i>Enhancing distribution network planning & reporting</i>) may change how distribution networks are planned, and require greater engagement between AEMO and DNSPs.

5.8 System security and operability

5.8.1 Summary of material issues raised in submissions and AEMO’s response

A range of recommendations are captured under this topic, including requests for additional system security-focused sensitivities, calls for coordinated action to progress critical transmission infrastructure to ensure system security, and technical recommendations. Stakeholders who made these recommendations sought reassurance that the ISP’s findings and the ODP remain robust, even under stressed system conditions. AEMO notes that the ISP is required under the NER to meet power system needs, including the reliability standard, power system security, system standards and other technical requirements, and that any development path assessed through the ISP must, at a minimum, meet these requirements. AEMO also publishes reports that specifically focus on system security such as the *Transition Plan for System Security* and the *General Power System Risk Review*.

Stakeholder feedback	AEMO response
Risks and sensitivities	
Several stakeholders requested that additional sensitivities and analyses be undertaken to ensure that system security and operability needs can continue to be met under adverse conditions. For example, stakeholders requested that the ISP: • model extreme weather sensitivities due to the increasing frequency and severity of such events (Ergon Energy Network and Energex) including through the use of stochastic weather modelling (CIS), • expand its winter adequacy analysis due to reliability risk being increasingly concentrated in winter (EnergyAustralia), • expand its analysis to test evolving system strength and inertia needs (CS Energy), • address the cyber-security risks associated with high CER penetration (QEUN), • model compound sensitivities such as high electrification coinciding with adverse weather conditions, renewables droughts, or other challenging conditions (CSPER, Origin Energy), • model the high and low outcomes of the reliability standard range recommended by the Reliability Panel (ISP Consumer Panel), • include a state-of-charge realism sensitivity (CSPER), • stress test co-optimised solutions for coupled failure modes (shared asset underperforms affecting multiple services concurrently) (CSPER), and	AEMO reviewed stakeholder requests for additional or expanded sensitivities to ensure the robustness of the ODP, specifically to power system security risks. AEMO considered a wide range of sensitivities proposed by stakeholders, however, not all could be modelled within Draft 2026 ISP development timeframes and with the computational and human resources available. For the final 2026 ISP, AEMO prioritised a targeted set of sensitivities designed to test the robustness of the ODP to a wide range of possible futures. AEMO did not include the requested sensitivities in its sensitivity analysis for the 2026 ISP, however, will consider including these in the initial sensitivity list for the 2028 ISP, which will again inevitably need to be prioritised.

Stakeholder feedback	AEMO response
include sensitivity analysis on disruptions to liquid fuel supplies (ATSE).	
Electric Power Consulting raised concerns in relation to ‘dunkelflaute’ events, which present the most challenging conditions for any wind and solar PV based power system, and requested that the ISP include further analysis to ensure the power system remains reliable and secure even in worst case conditions.	AEMO agrees that extended periods of low wind and solar conditions, referred to as VRE lulls in the ISP, will be among the most challenging conditions to maintain reliability and operability as the NEM transitions to a system with a high proportion of VRE. The ODP will provide resilience during long, dark and still periods through a geographically and technologically diverse mix of VRE generation, supported by hydro and flexible gas generation, demand side response and storages of various depths. Appendix A4 System Operability explores the capability of the ODP to operate during VRE lulls, and the final 2026 ISP includes extended analysis of these conditions.
CEIG requested more analysis of alternatives to gas generators with low utilisation for rare-event reliability.	Appendix A4 provides detailed information on the generation mix during times of tight supply given the forecast demand conditions, the generation and storage developments, and network developments that are identified in the ODP. The appendix describes how the ODP maintains reliability and operability across the horizon and uses time-sequential modelling to indicate how and when each type of technology is typically used. Appendix A10 Gas Development Projections provides detailed analysis on the operation of gas-powered generators and the gas fuel supply available to these generators. Regarding the request for additional analysis, AEMO has included extended analysis on the utilisation of new entrant gas-powered generators in the final 2026 ISP Appendix A10. AEMO acknowledges that there could be alternatives to GPG, including demand side management. Ultimately, the choice of which technology to serve as a backup during low-reserve events will depend on market and investment decisions.
Transmission criticality	
A few stakeholders recommended that aspects of transmission planning in the Draft 2026 ISP be revisited to ensure that system security needs can be met. For example: AITERAQ Advisory recommended against the reduction in planned transmission, to preserve a stronger and more diverse grid. Malcolm Park requested that specific projects, for example the South creek substation and Bannaby to South Creek line, be accelerated via the <i>Electricity Infrastructure Investment Act 2020</i> (EII Act) or Ministerial direction.	AEMO understands that there is some stakeholder concern about the transmission projects on the ODP and whether they are sufficient to support system security and operability needs. AEMO’s role as the National Transmission Planner is to develop a system-level plan that achieves power system needs for a planning horizon of at least 20 years to contribute to the national electricity objective. Under the NER, power system needs explicitly include the reliability standard, power system security, system standards, and other applicable technical requirements. Accordingly, any development path assessed through the ISP must, at a minimum, meet these requirements. AEMO also undertakes sensitivity testing to confirm that ISP conclusions remain robust under stressed system conditions. More information about the specific operational requirements considered when developing the ISP is available in Table 4 of the final 2026 ISP. Section 5 of the <i>ISP Methodology</i> also details the scope and breadth of studies and assumptions that go into the assessment of power system limits that are applied to the market modelling, and details how the various system services required to maintain a secure and reliable power system into the future are considered and taken into account. AEMO also studies a diverse range of scenarios and sensitivities when deciding on the ODP, as well as undertaking detailed time-series security constrained analysis to ensure transmission outcomes are robust and reliable. While it is not feasible to undertake full detailed studies of every aspect of system security, allowances are made for the expected level of investment required to meet the system security standards. Transmission cost estimates used ensure aspects like expenditure for reactive compensation and reliable substation layouts are considered. AEMO also undertakes detailed joint planning with TNSPs. Where timing permits, AEMO considers information from open RIT-T processes for inclusion in the ISP and also takes into account the TNSPs latest Annual Planning Reports. In relation to the acceleration of specific projects via the EII Act or Ministerial direction, AEMO notes that these actions are beyond AEMO’s remit.
Technical recommendations and transparency	
Dr James Taylor made multiple recommendations relating to reliability, including recommendations to:	AEMO agrees that meeting reliability needs is essential in power system planning. AEMO’s role as the National Transmission Planner is to develop a system-level plan that achieves power system needs for a planning horizon of at least 20 years to contribute to the national electricity objective.

Stakeholder feedback	AEMO response
- redesign the ISP using worst-case, high reliability engineering principles; and improve transparency around dispatchable reserve margins to demonstrate that there are sufficient levels of dispatchable energy in the system, and - remove reliance on demand-side participation and load shedding as a reliability mechanism	Under the NER, power system needs explicitly include the reliability standard, power system security, system standards, and other applicable technical requirements. Accordingly, any development path assessed in preparing the ISP must, at a minimum, meet these requirements. AEMO also undertakes sensitivity testing to confirm that ISP conclusions remain robust under stressed system conditions. In relation to Dr James Taylor's recommendations on demand-side participation and load shedding, AEMO recognises that voluntary demand-side participation is an established market mechanism, including as a reliability response mechanism, and reflecting this in the ISP supports the efficient development of the power system. AEMO further notes that involuntary load shedding is not considered a reliability mechanism, but contributes to the measurement of USE.
CSPER recommended that the ISP clearly distinguish: - minimum fault-level compliance from operational robustness under stressed or weak grid conditions, - whether essential system services remain adequate when curtailment and demand flexibility contributes to the operability outcome, and - installed generation capacity, nominal dispatchable capability, and reliably deliverable capability under constraints for major resource classes.	AEMO acknowledges the importance of assumptions relating to the operability of VRE under network stress or high penetration levels. To better understand and refine these assumptions, AEMO also takes into account outcomes of the <i>Future Energy Systems Engineering Roadmap</i> in shaping the inputs to the ISP studies⁵⁵. AEMO also has obligations to assess minimum fault level compliance under its system strength obligations which can be found in the <i>Transition Plan for System Security</i>⁵⁶. Section 5 of the <i>ISP Methodology</i> also details the scope and breadth of studies and assumptions that go into the assessment of power system limits that are applied to the market modelling, and details how the various system services required to maintain a secure and reliable power system into the future are considered and taken into account. In relation to distinguishing capacities, AEMO publishes the nominal capacities in the IASR Inputs and Assumptions workbook, the Generation and Storage Outlook workbook, the ISP Inputs and Assumptions workbook, and on the Generation Information webpage⁵⁷. AEMO publishes the firm reliability capacity contribution of each technology including solar and wind generation as part of the supporting materials to the ISP⁵⁸.
CSPER recommended the application of performance envelopes for grid-forming inverter contributions to system strength and inertia outcomes.	AEMO notes CSPER's recommendation for performance envelopes to validate operational robustness. Grid-forming inverters and their contribution to system strength and inertia requirements continues to be an area of analysis, where the ISP will leverage off findings and approaches as explored in the <i>Transition Plan for System Security</i> publication.
CSPER put forward a range of recommendations requesting additional transparency on: - how climate hazard metrics were considered in modelling, - whether and how nominal dispatchable capabilities were distinguished from reliably deliverable dispatchable capabilities in modelling, - what "beyond-wires" system strength assumptions were made for REZs, - whether and how REZ network project capacity was distinguished from reliable capacity under stressed conditions, and	AEMO understands that the intent of CSPER's recommendations is to ensure that the outputs of the ISP are robust and realistic, which AEMO fully supports. In response to CSPER's specific comments, AEMO notes that: - The impact of high temperatures on generation and network capacity is considered in modelling through the use of reference temperatures for different time periods throughout the year, for example, summer peak conditions, summer typical conditions and winter conditions. The cost of incorporating mitigations for climate hazards may be captured in design and cost of upgrades, such as wind rating of tower designs, use of higher conductor ratings, incorporating longer circuit route lengths to avoid hazards. - AEMO publishes the firm reliability capacity contribution of each technology including solar and wind generation as part of the supporting materials to the ISP⁵⁹. These values represent the capacities that can be relied on from each technology given their availability forecasts, which are variable in the case of wind and solar technologies, at the time of when they are most needed – the time of maximum demand. Additionally, AEMO's modelling requires that there are sufficient reliable capacities across the NEM to meet the maximum demand and the minimum reserve

⁵⁵ At <https://www.aemo.com.au/-/media/files/initiatives/engineering-framework/2025/engineering-roadmap-fy2026-priority-actions-report.pdf>.

⁵⁶ At <https://www.aemo.com.au/energy-systems/major-publications/transition-plan-for-system-security-tpss/2025-transition-plan-for-system-security>.

⁵⁷ At <https://www.aemo.com.au/energy-systems/electricity/national-electricity-market-nem/nem-forecasting-and-planning/forecasting-and-planning-data/generation-information>.

⁵⁸ This can be found at <https://www.aemo.com.au/2026-ISP-VRE/2026-Draft-ISP-Firm-contribution-factors>.

⁵⁹ See <https://www.aemo.com.au/2026-ISP-VRE/2026-Draft-ISP-Firm-contribution-factors>.

Stakeholder feedback	AEMO response
inverter operability assumptions.	level combined. Finally, AEMO tests the reliability of the resource mix through detailed time-sequential market modelling. Details of the approach can be found in the ISP Methodology, with reliability modelling outcomes in Appendix A4. - System strength assumptions relating to REZs are that there will be additional investment beyond just network upgrades required to meet the efficient level of system strength. The assumptions on these costs are detailed on the 'Power System Security' tab in the Inputs and Assumptions Workbook. - The results shown for REZ generation capacity reflect the installed capacity of generation. Dynamic wind and solar traces reflecting differing outputs during the year are applied, and a number of historic reference years are used in the modelling to capture a wide range of scenarios. Reliable capacity of REZ generation under times of system stress will reflect these reference year outcomes, and underpins the basis for additional network, storage and dispatchable generation required to ensure a reliable power system into the future. - Issues such as control interactions between inverters is acknowledged to be an important consideration and study requirement, but these issues are not feasible to be studied in a long-term model, and are captured during the connection study phase
Multiple stakeholders requested revisions to AEMO's time-sequential modelling approach to storage. CSPER recommended that AEMO define a storage response envelope while EnergyAustralia recommended that AEMO apply the deliberate modelling error approach used for grid-scale batteries to long duration energy storage to account for "imperfect foresight".	AEMO notes that updates made to the <i>ISP Methodology</i> published in June 2025 introduced improvements to compensate for perfect foresight when modelling energy storages as well as better reflect the limitations of storage devices. This approach was consulted on with stakeholders. AEMO recognises that actual storage performance can become constrained by physical limitations such as voltage and power system conditions, protection systems, and other operational factors. While AEMO does not explicitly define inverter control modes for storage in the ISP and how that affects the storage response envelope during stressed system conditions, state of charge headroom and footroom capacity reserves are applied in time-sequential modelling which give representation to some of these factors. The deliberate energy planning approach is a feature of the time-sequential modelling which is applied to grid-scale batteries to reduce the perfect management of storage energy by creating system conditions that lead to suboptimal dispatch outcome. The deliberate energy planning approach is only applied as a validation step of the time-sequential model at the short-term schedule phase. For long duration storages, which have a deeper stored energy capacity, the medium-term schedule phase is used to account for the seasonal management of these storages. Outcomes of the medium-term schedule are passed to the short-term schedule through daily energy targets (although not all long duration energy storages have targets). This introduces foresight but not at the 30-minute dispatch level. Therefore, the implementation of the deliberate energy planning approach to long duration energy storages is not effective as this validation step is assessing the impact of perfect foresight on a short duration while deeper storages are managed over longer timeframes through the medium-term phase.

5.9 Demand outlook

5.9.1 Summary of material issues raised in submissions and AEMO's response

Stakeholder submissions on this topic focused primarily on the accuracy of data centre demand forecasts, with multiple stakeholders requesting either adjustments to or additional transparency on the data centre demand forecasts relied upon to develop the ISP. A few stakeholders also commented on regional demand forecasts and the impacts of electrification

and demand-side factors on demand forecasts. In response to stakeholder feedback, AEMO implemented a *Higher Demand* sensitivity to ensure the ODP selection is robust to demand growth uncertainty, particularly data centre load growth uncertainty.

Stakeholder feedback	AEMO response
Inputs, assumptions, and scenarios	
Multiple stakeholders requested that data centre forecasts be revised to reflect an increase in anticipated sectoral growth, including NSW DCCEEW , Origin , and Transgrid . NSW DCCEEW also requested that the impacts on transmission of any changed assumptions be assessed.	AEMO notes stakeholder interest in data centre forecasts. AEMO's forecasts of data centre energy consumption were published in the final 2025 IASR. AEMO released additional information on how these forecasts were developed in a consultant report published with the final IASR, available on AEMO's website⁶⁰. AEMO engaged Oxford Economics Australia to prepare this report. Oxford Economics Australia applied a refined methodology to develop the forecasts. AEMO consulted on this methodology while developing the <i>Electricity Demand Forecasting Methodology</i> released in July 2025⁶¹. AEMO consulted on the draft 2025 data centre forecasts at several Forecasting Reference Group meetings from April to June 2025 to ensure that stakeholder feedback was reflected given the significant uncertainties for these developments. Feedback and the consultant's response to this feedback is captured in the 2025 IASR Consultation Summary Report. AEMO refined data centre forecasts to reflect stakeholder feedback following this consultation, including by adjusting scenario inclusion criteria to provide a bespoke application for data centres. In addition, AEMO has also included a <i>Higher Demand</i> sensitivity in the final 2026 ISP to further explore the uncertainties in the potential for large industrial load growth and higher growth from prospective data centres to exceed what is assumed in <i>Step Change</i>. The details of this sensitivity are in Appendix A2 ISP Development Opportunities and Appendix A6 Cost Benefit Analysis. Insights from this sensitivity can be found in the final 2026 ISP and supporting materials.
Multiple stakeholders commented on the interplay between electrification and demand-side factors and the impacts of both on demand. Springmount Advisory submitted that the Draft 2026 ISP may have underestimated the capacity of coordinated demand-side response and managed electrification to manage winter peak conditions. The ISP Consumer Panel similarly recommended that the ISP consider that increased rates of CER may mitigate demand growth from electrification. On the other hand, Endeavour Energy noted large increases in industrial demand due to electrification.	The demand forecasts considered in the 2026 ISP incorporate significant growth in industrial, residential and business electrification as well as CER. The 2025 <i>Electricity Statement of Opportunities</i> (ESOO) for the NEM provides more detailed analysis of the drivers of projected load growth, where both of these forecast components are explicitly described and plotted. The 2025 IASR scenarios apply high and low electrification and CER settings together, consistent with each scenario's narrative; this can lead to these components offsetting each other in terms of electricity consumption, though electrification and CER have different temporal impacts. The 2025 ESOO includes demand forecasts that take into account the latest information on economic and population drivers and trends in behaviour by household and business consumers, including electrification impacts and forecasts for energy efficiency measures and growth in CER. Further sensitivity analysis for selected demand-side factors is detailed in Appendix A9, and AEMO notes the inclusion of the <i>Lower Energy Efficiency</i> and <i>Higher Energy Efficiency</i> sensitivities as well as the <i>Higher Demand</i> sensitivity in the final 2026 ISP
SA DEM requested that ISP scenarios reflect both committed and credible prospective developments, including rapid industrial load growth in South Australia. SACOME similarly concerns that the Draft ODP put South Australia's energy security at risk due to reliance on imports from adjoining states despite likely demand growth in South Australia.	AEMO uses a scenario-based approach to forecasting and planning to ensure a range of plausible future outcomes for the energy sector and power system are considered, to test for under- and over-investment risks when assessing the ODP. These scenarios were consulted upon in the 2025 IASR, and are supported by sensitivities that provide additional analysis opportunities to assess the resilience and robustness of the ISP's outcomes, including the ODP, to alternative assumptions and forecasts.

⁶⁰ At https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2024/2025-iasr-scenarios/final-docs/oxford-economics-australia-data-centre-energy-consumption-report.pdf?rev=2d89b1a4455f4f0db94c1ffff76c0c06&sc_lang=en.

⁶¹ At <https://www.aemo.com.au/energy-systems/electricity/national-electricity-market-nem/nem-forecasting-and-planning/forecasting-approach/forecasting-and-planning-guidelines>.

Stakeholder feedback	AEMO response
ElectraNet requested the modelling of a probabilistic large industrial load overlay for South Australia with spatial detail and transparent pipeline criteria that would allow for the inclusion of prospective developments.	In response to stakeholder feedback received through the 2025 IASR and May 2025 Forecasting Reference Group consultations, AEMO adjusted its demand forecasting methodology ^{Error! Bookmark not defined.} for large industrial loads and data centres to incorporate probabilistic information provided by ElectraNet to ensure that credible prospective developments are included in the 2026 ISP. Further, to test the possible impacts of greater industrial and data centre developments in the NEM (including South Australia), AEMO developed a <i>Higher Demand</i> sensitivity to ensure the resilience of the ODP selection is tested alongside industrial load growth uncertainty in the final ISP. In this sensitivity over 7 TWh of annual South Australian data centre load was modelled by 2029-30, including for projects covered in recent data centre announcements. See Appendix A2 and Appendix A6 for further details on this sensitivity.
The Electric Vehicle Council recommended that AEMO revisit assumptions about hydrogen's role in domestic road transport to avoid distorting electricity demand projections.	AEMO has considered the Electric Vehicle Council's feedback regarding assumptions about hydrogen's role in domestic road transport and the potential implications for electricity demand projections. AEMO will continue to review its forecasting of electricity demand for the transport sector, including hydrogen and electrification pathways, through ongoing consultation and future updates to scenarios and inputs and assumptions, including the 2027 IASR.
Modelling and approach	
HILT CRC recommended that its research into heavy industry "hubs" be integrated into ISP modelling to more accurately represent large industrial loads and their impacts on demand.	AEMO has considered HILT CRC's feedback that large industrial hubs may exhibit different load profiles and demand flexibility characteristics compared with standalone industrial loads. However, the ISP does not currently model individual industrial hubs explicitly, as the most granular demand forecasting resolution is sub-regional rather than locational. AEMO will continue to consider stakeholder feedback on emerging industrial load characteristics through its modelling and consultation processes, including in the development of the 2027 IASR, potential future improvements to forecasting methodologies, and the inaugural Demand-side Statement of Opportunities.
Sensitivity analysis	
Multiple stakeholders requested additional analysis specifically in relation to data centres and data centre demand forecasts. Syncline Energy , AITERAQ Advisory , and Ausgrid requested the modelling of the impacts of significant data centre expansion. Transgrid and HILT CRC requested additional assessment of the impacts of large industrial loads, including data centres, noting that industrial electrification is a step change that should be reflected in modelling. HILT CRC also requested assessment of whether demand from large industrial loads could be reduced through industrial technology pathways, such as the development of hybrid energy systems.	In response to stakeholder recommendations, AEMO has included a <i>Higher Demand</i> sensitivity in the final 2026 ISP to investigate the impact of higher demand from data centres and large industrial loads on the ODP.
IEEFA requested a sensitivity reflecting higher levels of demand flexibility due to load-shifting and other capabilities of data centres.	AEMO understands that IEEFA considers that there is potential for greater demand flexibility than assumed by AEMO, particularly due to load-shifting and other capabilities of data centres. The ISP has applied diverse assumptions for demand flexibility through the three scenarios which were consulted on as part of the 2025 IASR. This includes an assumption that between 0% to 9% of peak demand will be flexible by the end of the ISP forecast horizon as part of AEMO's demand side participation forecasts. This assumption is not assigned to any specific industry and could reasonably be met by data centres or other customer types. Given the scenarios already explore significant uncertainty, AEMO does not consider that a specific new sensitivity is required.

Stakeholder feedback	AEMO response
	AEMO will further consider the role of demand flexibility in its inaugural DSOO, as well as the interactions that the DSOO will have on the ISP and broader AEMO planning publications.
Transparency	
Origin Energy requested further transparency on the drivers and methodology underpinning revised data centre demand forecasts relative to the 2024 ISP, specifically the forecast decline in New South Wales demand despite anticipated data centre growth. Origin Energy requested more granular information on data centre types, load factors, demand shapes, ramp-up and on-site generation. Alinta Energy requested more information on how AI-related load growth was incorporated into data centre demand forecasts.	AEMO notes that Origin Energy has rightly identified areas that would benefit from additional transparency. AEMO has published extensive supporting material alongside the 2026 ISP, including the 2025 IASR, the 2025 IASR Input Assumptions Workbook, and addendums in response to transparency reviews of the 2025 IASR and Draft 2026 ISP. These documents provide detailed information on inputs, assumptions and scenario design, including explanations of key drivers of changes to projections compared to the 2024 ISP. In relation to the methodology underpinning data centre demand forecasts, the recent 2024 Electricity Demand Forecasting Methodology consultation⁶² (finalised in July 2025 and underpinning the 2025 IASR and 2026 ISP forecasts) introduced new clarity and transparency regarding how data centres would be forecast, based on surveyed data from NSPs and bespoke forecasts of data centre needs (which in 2025 was conducted with Oxford Economics Australia). AEMO consulted extensively on its data centre forecasts in 2025 IASR and May 2025 Forecasting Reference Group consultations, detailing many of the assumptions for data centres. Further, AEMO commissioned Oxford Economics Australia⁶³ to assist in preparing the data centre outlook. Further information on AEMO's data centre demand forecasts is available in the IASR and the accompanying Oxford Economics Australia report. Considering the uncertainty of prospective data centre connections (and other industrial load developments), AEMO has developed a <i>Higher Demand</i> sensitivity that includes additional prospective data centre facilities, and prospective large industrial loads, including consideration of specific feedback from the Draft 2026 ISP consultation. This sensitivity is described in Appendix A6 Cost Benefit Analysis and Appendix A2 ISP Development Opportunities.
Origin Energy requested explanation of the drivers of South Australia's post-2030 demand increase from large industrial load.	AEMO recognises Origin Energy's request for additional information and transparency on drivers of changes in forecast demand in NEM regions, and notes that the 2025 ESOO provides more detailed analysis of the drivers of projected load growth in South Australia over the next decade.
ElectraNet requested that where the ISP relies on specific locational assumptions for storage or industrial loads that materially affect South Australian outcomes, publish those assumptions and the evidence base. Treat the <i>Electricity Network Options Report</i> as a living document that can be incrementally refined as joint planning progresses and updated constraint formulations are tested.	AEMO publishes the specific assumptions for storage projects that are considered committed or anticipated through the IASR and Generation Information and publishes information on development paths in the ISP. However, information on industrial load projects is collected from NSPs and developers as protected information, hence AEMO publishes forecasts in aggregate form per sub-region to protect developer confidentiality consistent with AEMO's National Electricity Law and NER obligations. In regard to treating the <i>Electricity Network Options Report</i> as a living document, AEMO considers that it is important for transparency to consult with stakeholders on a draft version before finalising a final version for application in the ISP. Where appropriate, AEMO will seek to complement the <i>Electricity Network Options Report</i> with the latest information available through joint planning (for example, incorporating the latest cost and timing of projects progressing through the RIT-T). In cases where inputs and assumptions have markedly changed between the release of the <i>Electricity Network Options Report</i> and the release of the Draft 2026 ISP, AEMO updates inputs and assumptions as part of the consultation process on the Draft ISP to ensure that the final ISP is prepared with the most appropriate and recent information. AEMO publishes the models,

⁶² See <https://www.aemo.com.au/consultations/current-and-closed-consultations/2024-electricity-demand-forecasting-methodology-consultation>.

⁶³ Oxford Economics Australia report is at https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2024/2025-iasr-scenarios/final-docs/oxford-economics-australia-data-centre-energy-consumption-report.pdf.

Stakeholder feedback	AEMO response
	inputs and assumptions, and data traces used to develop the ISP on its website, and the input changes can be viewed in the Inputs, Assumptions and Scenarios workbook released alongside the 2026 ISP.
Origin Energy requested that the published half-hourly demand profiles are disaggregated and sector-level visibility of forecasts is provided, noting that this data was available in previous ISPs.	AEMO recognises the need for transparency regarding the demand traces and the importance to provide visibility on this for stakeholders. The component half-hourly traces for the demand forecasts were published as part of the supporting material for the Draft 2026 ISP. Additional demand forecast information for the Draft 2026 ISP, including the component traces, was published on 11 May 2026. AEMO has published the demand traces used to develop the final 2026 ISP alongside the final ISP model.
SACOSS requested additional granularity on household energy consumption to better understand the impacts of the energy transition on different customer cohorts. SACOSS noted that demographic factors may assist in understanding how the transition is impacting different types of consumers, for example renters versus homeowners.	AEMO acknowledges SACOSS' request for additional granularity in household energy consumption data. AEMO develops its residential electricity consumption forecasts pursuant to the <i>Electricity Demand Forecasting Methodology</i> ⁶⁴ , which was updated in 2025 following consultation with stakeholders. AEMO estimates residential consumption at the regional level, and uses either sampled historical consumption levels or AER data to derive consumption estimates. AEMO may consider developing and releasing additional granularity in future publications.

5.10 Gas role, supply and infrastructure

5.10.1 Summary of material issues raised in submissions and AEMO's response

Stakeholder submissions on this topic primarily focused on the future of gas supply and gas infrastructure development. While views were mixed on forecast fuel supply needs, AEMO observed a general theme across submissions that stakeholders were concerned about the future of gas and its role in the transition, with some stakeholders being particularly concerned about gaps emerging in the gas market that may require targeted and coordinated attention from all stakeholders to address. AEMO incorporated enhancements to better represent gas market dynamics and operations in the 2026 ISP, including by incorporating relevant inputs from the 2026 *Gas Statement of Opportunities* (GSOO) and updating GPG capacity requirements in part due to more detailed reliability assessments.

Stakeholder feedback	AEMO response
Inputs and assumptions	
Multiple stakeholders commented on forecast gas fuel needs. APA Group stated that the Draft 2026 ISP under-forecast the total GPG required in the NEM by 2050.	AEMO recognises that there is some stakeholder concern that future GPG requirements are under-forecast compared to recent use. GPG requirements in the final 2026 ISP were developed using the inputs and assumptions consulted on as part of the 2025 IASR. AEMO has also applied minimum capacity factors in capacity outlook model for the final 2026 ISP to gas generators in the near term to better reflect expected operational levels of generation required from existing gas generators and improve consistency with recently observed levels of gas generation. These factors are only applied in the near term as the role of gas generators is expected to change as the NEM continues to transition to a system with a high

⁶⁴ At <https://www.aemo.com.au/consultations/current-and-closed-consultations/2024-electricity-demand-forecasting-methodology-consultation>.

Stakeholder feedback	AEMO response
On the other hand, the ISP Consumer Panel noted that future technological developments could compete with gas and potentially decrease reliance on it, impacting the financial viability of new generation and gas infrastructure. Springmount Advisory made a similar point, noting that the structural decline of gas networks in the ISP assumptions will challenge the viability of new gas and that sustainable fuels may reduce the need for large-scale gas network or gas peaking usage growth.	proportion of VRE. GPG capacity requirements have increased between the Draft and final 2026 ISP, in part due to more detailed reliability assessments. There is a significant amount of battery storage forecast to be entering the NEM across the ISP horizon. The ISP's least-cost optimisation does consider whether batteries and VRE or GPG provides the more efficient supply and reliability outcomes. The ISP's modelling framework pursues a cost-minimisation approach, and therefore generator profitability or financial viability is not a target outcome. If generator profitability is insufficient to encourage sufficient investment, AEMO would anticipate that market changes or other support arrangements will be considered, such as the Electricity Services Entry Mechanism (ESEM) being developed.
APA Group identified that the Draft 2025 <i>Gas Infrastructure Options Report</i> excluded some costs relating to LNG regasification terminals.	AEMO notes that operating costs for LNG regasification terminals were added to the final 2025 <i>Gas Infrastructure Options Report</i> and included in the 2026 ISP gas supply development modelling. AEMO has also updated relevant inputs from the 2026 GSOO for the final 2026 ISP, which included updated natural gas price forecasts produced for the 2026 GSOO. This included updated LNG prices, which now considered assumptions for shipping and regassification costs as a delivered price into the East Coast Gas Market.
Gas development projections and modelling approach	
Stakeholders presented mixed views on the future development of gas infrastructure. APA Group stated that incremental expansion of existing infrastructure is the most efficient solution to ensure gas gets to where it is needed. On the other hand, BZE cautioned against high levels of investment in new gas infrastructure and Squadron Energy recommended that the ISP prioritise flexible gas infrastructure over rigid pipelines.	AEMO understands that stakeholders consider it important to strike the right balance between flexibility and stability in future gas infrastructure development. AEMO's gas supply development model models the level of gas available for GPG to meet power system needs through to 2050. The 2026 ISP is the first iteration of the ISP to also include gas development projections, which set out several development pathways that industry could take to meet forecast needs. Following an initial predetermined option, AEMO's gas supply development model selects the least-cost options to ensure gas supply adequacy through the ISP horizon, with these projections including a mix of new gas supply, storage and pipelines. These projections can be found in Appendix A10 Gas Development Projections. Although AEMO has included gas development projections in the 2026 ISP to inform electricity investment, gas investment remains the responsibility of the gas industry. The 2026 ISP is clear that gas industry development is needed to support residential, commercial and industrial gas demand, regardless of the level of GPG requirements. AEMO provides information on all gas developments as far as confidentiality requirements will allow.
HILT CRC noted that natural gas may be used as a transition fuel for some heavy industries as a pathway to 100% hydrogen-based processes and welcomed the inclusion of natural gas development pathways in the ISP.	AEMO confirms that the large industrial surveys that form an input to AEMO's demand forecasts include some customers using natural gas as a bridging fuel, which has the largest impact in the <i>Accelerated Transition</i> scenario.
SACOME requested that the ISP allow for and model domestic gas producers supplying the domestic gas market to facilitate lower cost electricity.	AEMO notes that the ISP's range of gas development projections all feature some level of domestic gas producers supplying gas to the domestic gas market, as part of the least-cost modelling of building gas infrastructure to meet all gas demand. For the final 2026 ISP, AEMO has included a Domestic Supply Only gas development projection to explore the supply, storage and infrastructure developments if an LNG regasification terminal was not an option. The gas price forecasts used in the ISP do assume that the cost of new gas supply being brought online is accounted for.
Transgrid requested that constraints be applied to the use of liquid fuels as a backup for gas peaking generators to reflect what is feasible under environmental licences.	In relation to concerns on the feasibility of relying on liquid fuels as a gas peaking backup fuel, AEMO notes that current outputs already reflect minimal reliance on diesel consumption for gas peaking. AEMO applies blanket limitations on all dual-fuel generators such that liquid fuel storage is sized for 12-hours of continuous generation and can only refilled weekly. AEMO agrees that more detailed limitations using site-specific information could more accurately reflect the actual

Stakeholder feedback	AEMO response
	constraints on individual generators. Due to limited information available at this time, this has not been applied for the 2026 ISP, but AEMO will consider this for future ISPs.
Transparency	
IEEFA requested further transparency on the drivers of gas generation outcomes and trends in generation output.	AEMO has published extensive supporting material alongside the 2026 ISP, including the 2025 IASR, the 2025 IASR Input Assumptions Workbook, and addendums in response to transparency reviews of the 2025 IASR and Draft 2026 ISP. These documents provide detailed information on inputs, assumptions and scenario design, including explanations of key drivers of changes to projections compared to the 2024 ISP. In relation to gas generation outcomes specifically, AEMO notes that Appendix A10 Gas Development Projections provides detailed analysis of gas generation operation and utilisation of new build gas generation, and the availability of gas to supply those generators, and Appendix A2 ISP Development Opportunities discusses the roles of gas-powered generation in the NEM into the future.
Syncline Energy recommended that the ISP include a graph of the proved and probable (2P) gas reserves compared with the 20-year demand from each ISP scenario.	AEMO has published information on gas reserves in the 2026 GSOO, including charts showing production forecasts compared to forecast gas demand. The gas reserves forecasts used in the gas modelling for the final 2026 ISP are consistent with the 2026 GSOO.
Nexa Advisory requested further transparency on the costs of using gas as reliability insurance, to allow better comparison with non-gas alternatives such as long-duration storage.	AEMO notes this request for further transparency, and will consider implementing deeper analysis to highlight the value and cost of gas as a way to ensure reliability, versus other alternatives, for future ISP publications.
Gas market policy and regulatory settings	
APA Group, NSW DCCEEW and the ISP Consumer Panel commented on gas market policy alignment, recommending that AEMO undertake further assessment of recent policy and regulatory developments in gas markets and their impact on gas availability and pricing.	AEMO agrees that it is important to ensure that inputs and assumptions to the ISP, including policy and regulatory settings, are as up to date as possible. AEMO recognises that there have been several recent developments in gas market policy settings, including the Federal Government's Gas Market Review report and consequent announcement of an Australian domestic gas reservation scheme as well as the progression of the AEMC's East Coast Gas Supply rule changes. However, AEMO does not consider that these developments have been sufficiently progressed to be able to capture or reflect them accurately in the gas infrastructure modelling for the ISP, as they are under consultation at the time of publication.
A few stakeholders expressed concerns that future system needs would not be met without intervention. For example, the ISP Consumer Panel requested that AEMO explain to stakeholders including governments the importance of addressing gaps in the gas market; and Alinta Energy and GE Vernova requested that the ISP consider the commercial and regulatory conditions, incentives, and settings necessary to ensure that GPG development can proceed in line with system needs.	AEMO agrees that there will need to be appropriate investment signals for gas -powered generation and its supporting infrastructure to perform its critical backup role as the NEM transitions to net zero and that those provided by the current market and regulatory arrangements are unlikely to be sufficient for future investment in GPG. AEMO's functions as the National Transmission Planner include preparing the ISP which, together with documents such as the GSOO, provide information to market participants and policymakers on forecast power system needs and any gaps that may arise as the system transitions to net zero. In preparing the ISP, AEMO has been careful to communicate that gas will increasingly be needed to back up renewable supply during periods of renewable lulls and peak demand. The 2026 ISP also references the 2026 GSOO, which forecast that gaps may exist in the available gas supply by 2030 under most weather conditions, and that timely and efficient investment in new gas supply, storage and pipelines is critical to ensure the operability, reliability and security of the power system. AEMO will continue to work with stakeholders in its role as the National Transmission Planner to provide independent advice and analysis on how to support power system development. AEMO acknowledges the comments regarding commercial and regulatory settings for GPG and gas investment conditions. While outside the scope of the ISP, AEMO continues to work closely with jurisdictions, market bodies, and industry on reforms that may be needed to ensure fit-for-purpose markets and regulatory settings that support timely and efficient investments through the energy transition.

5.11 Social licence and engagement

5.11.1 Summary of material issues raised in submissions and AEMO's response

Stakeholder submissions in this category highlighted the role of social licence, community engagement and benefits-sharing in supporting the timely and deliverable development of essential infrastructure for the transition. AEMO supports the call from communities, industry and the AEIC for the development of a shared national narrative that articulates the purpose and benefits of the energy transition.

Stakeholder feedback	AEMO response
Multiple stakeholders, including AEIC, CEIG, Community Power Agency, the ISP Consumer Panel and The Next Economy commented on the importance of social licence being integrated earlier or more frequently into the transmission planning process. Some of these stakeholders recommended that AEMO consider how to better integrate social licence, benefit-sharing and project co-design, including with Traditional Owners and regional communities, into earlier stages of energy system planning.	AEMO acknowledges the importance of early and meaningful engagement with communities and stakeholders, including Traditional Owners and regional communities, in supporting timely delivery of energy infrastructure and positive outcomes. At the organisational level, AEMO's Reconciliation Action Plan sets out actions AEMO is taking to strengthen relationships with Aboriginal and Torres Strait Islander peoples. Appendix A8 of the 2026 ISP outlines how social licence considerations have been incorporated at a system-planning level. AEMO considers that project-specific benefit-sharing and co-design are most effectively progressed once projects are sufficiently defined, and that building and maintaining social licence falls mostly within the remit of jurisdictions and project proponents. AEMO encourages jurisdictions and project proponents to undertake early and genuine community engagement as project details mature. AEMO also remains committed to listening to a broad range of regional perspectives through its public engagement forums, webinars and advisory groups, to inform its understanding at a system-planning level.
AEIC recommended that AEMO work swiftly to support implementation of Community Engagement Review recommendation six for the development of a communications program that provides local communities with a clear narrative about pragmatic reasons for the transition. AEIC also commented on recommendation three, which, while directed at state and territory Governments, suggested that AEMO work with governments to provide mapping information on "no go" zones for renewables and network infrastructure development. Community Power Agency also referenced the Review and its recommendations.	AEMO agrees that clear and accessible communication can support communities' understanding of the transition. AEMO considers that an effective transition narrative is best developed through coordinated efforts across governments, industry and market bodies. Within its role as the National Transmission Planner, AEMO is strengthening how it communicates the role and purpose of the ISP, including through its new ISP Toolkit⁶⁵. AEMO also acknowledges the intent of recommendation three of the Community Engagement Review, which relates to improving community outcomes through earlier consideration of site and route selection, including the identification of areas where development may be unsuitable. AEMO understands that the implementation of this recommendation sits primarily with state and territory governments, supported by appropriate policy direction and funding arrangements.
Community Power Agency and ATSE recommended that AEMO work with governments to work towards policies that achieve local participation, social licence and benefits sharing. ATSE also recommended that AEMO work with governments to speed up project approvals.	AEMO agrees that local participation and benefit-sharing programs contribute to achieving social licence. The design and implementation of such arrangements is shaped by governments through policy and regulatory frameworks, and by project proponents through their direct engagement with local communities to understand priorities and deliver locally appropriate outcomes.

⁶⁵ At <https://www.aemo.com.au/newsroom/news-updates/toolkit-released-to-support-stakeholder-understanding-and-engagement-in-the-isps-development>.

Stakeholder feedback	AEMO response
	Within its role as the National Transmission Planner, AEMO works closely with jurisdictions by providing independent analysis, data and insights to support informed decision-making, and to enable efficient system planning that delivers long-term benefits to consumers.
Some stakeholders commented on the treatment of social licence in modelling and sensitivities, with stakeholders recommending that: - the sensitivity analysis in the 2026 ISP should include more, not less, consideration of social licence than the 2024 ISP, which featured a sensitivity dedicated to social licence (AEIC), - the 2026 ISP reintroduce a bounded social licence sensitivity (CSPER), and - the ISP explicitly consider distributional and equity impacts in its assessment of least-cost pathways (Community Power Agency).	AEMO agrees with stakeholders on the importance of considering social licence outcomes when modelling sensitivities for the ISP. In many ways, AEMO has deepened its social licence considerations from 2024, beyond the inclusion of a social licence sensitivity in modelling. For the 2026 ISP, AEMO has applied community sentiment insights and stakeholder feedback in its scenarios, early network options planning, land use inputs, updating of the Transmission Cost Database, demand side modelling and the location and use limits of renewable energy zones. Further details on AEMO's approach to social licence may be found in Appendix A8. Social licence is complex and difficult to quantify, and AEMO can only consider social licence at a high level. In the 2024 ISP, the social licence sensitivity analysis modelled the potential impacts of low social licence on transmission project delays, transmission project costs, and REZ generation costs. The outcomes of the sensitivity, due to the limitations of data and the nature of the inputs used for modelling, did not materially affect the ODP. These time and cost factors share overlaps and similarities with the <i>Constrained Delivery</i> sensitivity included for 2026, which varied project lead times and the cost of generation and storage. Given that the 2026 ISP now incorporates a deeper consideration of social licence factors, AEMO has not repeated a specific 'social licence' sensitivity analysis.
CSPER recommended that the ISP introduce a decision mapping tool or document to link stakeholder feedback to modelling choices and ISP outcomes. CSPER further recommended that any such tool should identify, reflect on, and mitigate gaps in representation and the potential for consultation fatigue to affect the ability of stakeholders to contribute.	In the final 2026 ISP, AEMO has introduced a description of high-level decisions made to prepare the final ISP when assessing inputs and assumptions to apply, listed in the 'Key changes from the Draft 2026 ISP' box at the end of the executive summary. This list summarises outcome-shaping decisions that underpin the ODP. The table outlines what was considered and the rationale for each decision, with cross-references to deeper explanation in the Consultation Summary Report to support transparency and trust. These changes will be further considered as AEMO develops the 2028 ISP engagement plan.
CSPER made a number of recommendations relating to the content in Appendix A8, including that Appendix A8: - explain how social licence considerations influence project deliverability, including the impacts of social licence on lead times, cost ranges, and project sequencing, - treat social licence as a system delivery constraint that operates as a constraint in the same way as supply chains, instead of treating it only as a trust and acceptance issue, and - cross-reference and link to other appendices (namely A4, A6, and A9), at least in narrative, to provide greater internal coherence.	AEMO has noted CSPER's recommendation to more clearly explain how social licence considerations influence project deliverability in Appendix A8 of the 2026 ISP. Appendix A8 outlines how social licence is considered at a system-planning level, including its potential influence on project risk, lead times, and cost uncertainty. Given the project-specific and place-based nature of social licence, these impacts are addressed qualitatively and at a high level rather than deterministically, with responsibility for managing site-specific outcomes sitting with jurisdictions and project proponents. More detail has been added to Table 1 in Appendix A8 to describe how social licence considerations can affect deliverability through impacts on route options, land and resource limits, timing and cost ranges. A new section has also been added, with cross references to Appendix A9 Demand Side Factors statement, to consider social licence in CER adoption and coordination, and its impacts on power system planning.
A few stakeholders expressed concern that households could be subsidising development that primarily benefits industry. JEC recommended that AEMO analyse the relative share of costs and benefits for consumers and industry resulting from investments recommended in the ISP; and SACOSS cautioned that new transmission and	AEMO has considered stakeholder concerns regarding the distribution of costs and benefits associated with future system development, including concerns that some consumers may bear a disproportionate share of costs relative to the benefits received. The ISP provides an evidence-based, system-wide assessment of development pathways, supported by cost benefit analysis undertaken in accordance with the NER and the AER's <i>Cost Benefit Analysis Guidelines</i>. Within this framework, the ISP assesses costs and benefits at a whole-of-system level, identifying the development path that minimises total system costs for consumers, rather than attributing costs and benefits to specific customer classes or user groups.

Stakeholder feedback	AEMO response
infrastructure should not be subsidised by residential consumers if it is primarily benefitting industry.	Consistent with the requirements of the <i>Cost Benefit Analysis Guidelines</i>, the analysis focuses on costs and benefits that can be robustly quantified and compared within a national planning framework. As a result, the ISP aggregates costs and benefits across all consumers and market participants and does not assess the distributional impacts or equity outcomes associated with particular investments. Questions relating to how costs are allocated between different consumer groups, and the resulting retail bill impacts, are determined through market and regulatory frameworks, including network pricing, tariff design, and jurisdictional policy settings. These matters are therefore addressed through processes outside the ISP. AEMO notes that the AEMC is conducting an Electricity Network Regulation Review⁶⁶ that will consider the overall risk-reward framework that determines the provision of regulated services by NSPs.
Etrog Consulting and Community Power Agency commented on trust and social licence being a major barrier to the adoption of orchestrated CER. Community Power Agency recommended that AEMO articulate the policy and program settings needed to protect and empower consumers in participating in coordinated CER, including support for education, capacity building, and the inclusion of renters.	AEMO agrees that achieving social licence can help promote increased levels of consumer participation in coordinated CER. The 2026 ISP, including Appendix A8, expressly acknowledges that social licence is essential to the success of the energy transition, noting that it underpins the development of coordinated CER and other aspects of the transition. AEMO thanks Community Power Agency for its request for the ISP to acknowledge the policy and program settings required to protect and empower consumers in coordinated CER. AEMO agrees with this feedback and has included a new section on the adoption and coordination of CER at Section A8.3 of Appendix A8. This section recognises that governments, industries, market bodies and consumer advocates must work together to create an enabling environment to support CER growth.
Martin Kamener recommended that the ISP reframe social licence as an opportunity instead of an obligation.	AEMO would like to reiterate the importance of social licence for the energy transition. Appendix A8 describes AEMO's definition and consideration of these issues at a high level and notes that new energy infrastructure can have both benefits and impacts on communities. The role of building and maintaining social licence, with equitable benefit sharing, is the responsibility of governments, jurisdictions, and project developers. An example of how governments and proponents are progressing social licence is Capacity Investment Scheme Tender 9 ⁶⁷ , which promotes projects that support First Nations economic empowerment by setting aside revenue for projects that show strong equity or revenue sharing agreements with First Nations communities.
Syncline Energy recommended that the ISP make clearer the regional benefits of 66 kV corridor upgrades to communities to better illustrate their value.	AEMO understands that Syncline Energy would like to see further emphasis in the ISP of the benefits of 66 kV network developments, particularly to regional stakeholders. While AEMO considers that the regional benefits of these upgrades are more appropriately assessed and considered by project proponents through early community engagement and relevant RITs or equivalent jurisdictional approval frameworks, the 2026 ISP clearly sets out the importance of gaining the trust and acceptance of communities and that achieving social licence is essential to the success of the energy transition. Further information on AEMO's consideration of social licence is at Appendix A8 of the ISP.
Community Power Agency asked AEMO to endorse a 2 GW target for local and community energy, with dedicated funding, support hubs, regulatory reform, and integration with distribution network planning. This would access untapped distribution network capacity.	AEMO has not adopted this suggestion because AEMO considers that it is not within its remit to endorse local or community energy targets.

⁶⁶ See <https://www.aemc.gov.au/market-reviews-advice/electricity-network-regulation-review>.

⁶⁷ See <https://www.dccew.gov.au/energy/renewable/capacity-investment-scheme/first-nations-equity-revenue-sharing-set-aside>.

5.12 Coal pathway and role

5.12.1 Summary of material issues raised in submissions and AEMO's response

Stakeholders expressed mixed views on the future of coal. Some suggested that the coal closure timeframes in the Draft 2026 ISP did not fully reflect recent policy developments. Other stakeholders expressed concerns that the risks of delayed coal closures were not fully captured in the Draft 2026 ISP, and cautioned that the system should be prepared for increased outage rates as coal ages and is used more flexibly. AEMO has revised coal operating assumptions in the 2026 ISP to better reflect observed plant flexibility in the southern states and inflexibility in Queensland, and confirms that the 2026 ISP uses the most up-to-date information on coal closure dates including the extension of Eraring operations to 2029.

Stakeholder feedback	AEMO response
Coal role and reliability	
Multiple stakeholders commented on the timeframes for coal closure reflected in the ISP. Coal Australia expressed that the ISP does not sufficiently reflect policy intent particularly in Queensland for further coal life extensions. CIS stated that delays to the closure of the Eraring facility indicate that coal is not being displaced as quickly as anticipated. CIS also recommended that the Eraring closure timing be extended to at least 2029 in the final 2026 ISP. The ISP Consumer Panel, on the other hand, expressed disappointment over delayed coal closure in the Draft 2026 ISP and recommended that the final 2026 ISP clarify the associated cost of this to consumers, such as the bill impacts of the longer closure timeframes.	AEMO has considered feedback on the appropriate representation of coal retirement timeframes in the ISP. The 2026 ISP uses up-to-date information on coal closure dates and other credible market information, and includes the January Generation Information update incorporating the extension of Eraring operations to 2029. Coal retirements in the ISP before the expected closure year are determined from modelling of the least-cost development path that meets demand, maintains system reliability, and reflects relevant policy settings, including emissions reduction objectives. AEMO considers that coal extension beyond the expected closure year does not align with Australia's net-zero ambition for 2050. In relation to differing stakeholder views on the pace of coal closure, AEMO does not determine closure decisions, but reflects an evidence-based view of likely system evolution under defined scenarios. Regarding requests to quantify consumer impacts of alternative coal closure timelines, AEMO notes that translating system-level outcomes into end-user bill impacts is outside the scope of the ISP framework. The ODP delivers consumers material benefits, while balancing risks in their long-term interests across a suite of scenarios capturing uncertainties in generator retirement time frames and other plausible variations in the pace of the transition.
Several stakeholders commented on the reliability of coal. Nexa Advisory commented that as coal reliability deteriorates over time, the ISP should undertake end-of-life modelling by incorporating increased forced outage rates. NSW DCCEE also cautioned that the availability of coal for electricity generation may act as an energy constraint in the future and recommended this be considered in the final 2026 ISP. Transgrid cautioned that as ageing coal units are operated in an increasingly flexible manner, the increased risks of this should be reflected in the final 2026 ISP. CS Energy echoed this sentiment.	AEMO understands that stakeholders are interested in ensuring that coal outage rates are represented accurately in ISP modelling, to ensure that the ODP is reliable and robust. Table 22 of the 2025 IASR sets out the sources AEMO used to develop technical and cost parameters for existing generators. These sources included generator surveys, internal studies, and reports prepared by consultants engaged by AEMO. More information on these consulted-on inputs and how they were developed is available on AEMO's website⁶⁸. AEMO acknowledges that ageing coal units operating more flexibly may face increased reliability risks, particularly where operation involves more frequent cycling, ramping, low-load operation or starts/stops. These risks are not uniform across the fleet and may be partly offset by lower overall operating hours, maintenance investment and unit-specific operating practices. AEMO's ISP modelling applies outage assumptions consistent with its consulted methodology to account for generator forced outages. AEMO will continue to review coal outage assumptions as new evidence and participant information becomes available.

⁶⁸ At <https://www.aemo.com.au/energy-systems/major-publications/integrated-system-plan-isp/2026-integrated-system-plan-isp/2025-26-inputs-assumptions-and-scenarios>.

Stakeholder feedback	AEMO response
JEC agreed that coal outages pose a reliability risk, and requested a disaggregated, generator-by-generator breakdown of coal generator reliability to account for this. In contrast, Coal Australia requested that the ISP recognise renewed investments in coal plant maintenance through mechanisms such as the Electricity Maintenance Guarantee in Queensland.	In response to JEC's request for a generator-by-generator breakdown of reliability, coal availability assumptions are transparently presented at an aggregated level in the ISP workbooks to support stakeholder understanding of system-wide outcomes. However, AEMO cannot publish reliability assumptions on an individual generator basis, as this would require the disclosure of commercially confidential information. In response to Coal Australia's request for the ISP to recognise investments in coal plant maintenance, AEMO notes that it revised coal flexibility assumptions in the final 2026 ISP by explicitly modelling recent minimum continuous operating levels for coal-fired generators. This has resulted in the 2026 ISP assuming less flexibility for Queensland coal plants due to an increased focus on asset condition and longevity.
Inputs and assumptions	
Powerlink recommended that, when modelling transmission augmentation between Northern New South Wales and Southern Queensland (for QNI Connect), modelling does not rely on infeasible operating assumptions about coal-fired generators in Queensland.	AEMO thanks Powerlink for its recommendation that assessment of QNI Connect should not depend on overly flexible operating assumptions for Queensland coal-fired generation. In response, AEMO improved its assumptions by explicitly modelling recent minimum continuous operating levels for coal-fired generators. These levels reflect greater operational flexibility in Victorian and New South Wales coal plants, where owners are focusing on maximising flexibility, and less flexibility in Queensland coal plants, where owners are focusing on maintaining asset condition and longevity.
CS Energy and IEEFA requested that assumptions in relation to the Queensland coal fleet be reflected consistently across publications. IEEFA noted inconsistencies between statements made in the Draft 2026 ISP about mothballing and two-shifting, and statements made in the 2025 <i>Thermal Audit</i>. CS Energy noted similar inconsistencies across assumptions between the Draft 2026 ISP and the <i>Thermal Audit</i> and <i>Transition Plan for System Security</i> in relation to whether the Queensland coal fleet is exploring flexible operation.	AEMO thanks stakeholders for their comments on coal flexibility assumptions. In response to this feedback, AEMO improved its assumptions by explicitly modelling recent minimum continuous operating levels for coal-fired generators. These levels reflect greater operational flexibility in Victorian and New South Wales coal plants, where owners are focusing on maximising flexibility, and less flexibility in Queensland coal plants, where owners are focusing on maintaining asset condition and longevity. In relation to feedback on the importance of consistency between AEMO publications, AEMO notes that it endeavours to capture the most up-to-date information for each publication, collated from a range of sources including but not limited to stakeholder consultations, feedback from power station operators, and independent third-party assessments. For parameters with a higher level of uncertainty or likelihood of evolution and refinement, differences between publications can arise. Current trends and future expectations can differ. To address some of these uncertainties, AEMO looks to explore a range of possible operational outlooks for the fleet of existing and new entrant generation and storage facilities. These sensitivities ensure that the assessment does not rely on a single set of operating assumptions and appropriately reflects uncertainty in future generator behaviour. It is anticipated, as future analysis is conducted on the operational outlook for the fleet of generation and storage assets at the dispatch interval time scale, that further refinements in upcoming publications such as the 2026 ESOO and <i>Transition Plan for System Security</i> will be considered to enhance the representation of this plant.

5.13 Communication and framing of the ISP

5.13.1 Summary of material issues raised in submissions and AEMO's response

Stakeholder comments specifically requesting changes to ISP narrative or framing to enhance the effectiveness of communication with stakeholders are included in the table below. AEMO has also sought to make it easier to navigate the ISP with a clear summary at the start of each section to improve accessibility.

Stakeholder feedback	AEMO response
Narrative and framing	
JEC recommended that the ODP be framed as the “least-cost <i>transmission</i> pathway”. JEC also commented on the framing and communication of the costs and benefits of the ODP, recommending that the ISP communicate the costs of all projects in the ODP (including committed and anticipated projects) not just the costs of actionable projects.	AEMO agrees on the importance of clearly communicating what the ODP is and is not. In response to the recommendation to refer to the ODP as the “least-cost transmission pathway”, AEMO notes that while the ISP does not optimise gas or demand-side options, the ODP cannot be characterised as a transmission pathway alone. Delivery of the ODP relies on a coordinated mix of generation, storage, firming and network investments that collectively represent the least cost path, and the ISP explicitly considers non-network options as alternatives to actionable transmission projects. A least-cost transmission path would be one using the lowest cost option to address each identified need (or taken to the extreme, would be the path without any new transmission), whereas critically, the ODP trades off the cost of transmission with the cost of additional generation and storage in determining the least cost path for the energy transition. A higher cost transmission option may result in a lower cost system overall if it can defer or avoid more capital investment in other power system infrastructure. In response to the recommendation that the ISP more clearly communicate the costs of all projects in the ODP, AEMO does not include the cost of existing assets. These costs have already been incurred, so they do not affect AEMO’s identification of the ODP in the ISP. AEMO also excludes approved early works from transmission augmentation option cost estimates, in line with the <i>Cost Benefit Analysis Guidelines</i>. These costs have already been incurred to support delivery of the relevant transmission augmentation option. AEMO excludes the costs of committed and anticipated projects because these projects are assumed to be delivered in all CDPs, including the counterfactual development path. Including these costs would therefore not affect the ISP cost benefit analysis. Further detail on AEMO’s treatment of early works is in section 3.3.3 of the <i>Cost Benefit Analysis Guidelines</i>. Further detail on the treatment of committed and anticipated projects is in section 2.3.8 of the <i>ISP Methodology</i> and section 3.3.1 of the <i>Cost Benefit Analysis Guidelines</i>.
Martin Kamener and Ausgrid recommended that the findings of Appendix A9, the Demand Side Factors statement, be more fully integrated into the main body of the ISP report.	In response to this feedback, AEMO has summarised the results of the distribution network opportunities identified in the Demand Side Factors statement in the final 2026 ISP report. In addition, to support transparency, the final 2026 ISP main report includes a new section which summarises the ‘consumer story’ of the ISP, including the requested reference to distribution network opportunities to facilitate operation of CER.
A few stakeholders commented on the framing of risk in the ISP. JEC recommended that AEMO adjust the framing of the ISP to state that government policies allow the risks of the transition to be assumed by consumers. Etrog Consulting expressed concern that the ISP is implying that consumers bear the risks of delayed infrastructure delivery.	AEMO agrees it is important to acknowledge that delays in delivering essential infrastructure create risks for consumers. The <i>Constrained Delivery</i> sensitivity in the 2026 ISP shows that delivery constraints can delay the achievement of policy targets and reduce the benefits the transmission delivers to consumers. Delays may also affect governments, investors and project proponents, including by slowing policy delivery and project timing. However, AEMO’s role in preparing the ISP is to identify the least-cost development path for the NEM to meet consumer energy needs and government policies, rather than determine how those risks should be shared across stakeholders. The 2026 ISP therefore highlights the importance of progressing actionable transmission projects as early as practicable to support the transition at lowest cost.
Specific terminology	
Martin Kamener and the ISP Consumer Panel recommended higher visibility and clearer framing in the ISP of distribution-level generation and storage opportunities, with the ISP Consumer Panel recommending the use of the term “mid-scale generation” specifically. The ISP Consumer Panel noted that the general public does not necessarily understand the term “unscheduled generation”.	AEMO thanks stakeholders for this feedback and now refers to ‘other distributed resources’ identified as opportunities in the distribution networks as ‘mid-scale generation and storage’ and also ‘network and community batteries’ as appropriate. AEMO has added additional sentences in the final 2026 ISP report to highlight the results and potential for mid-scale generation and storage.
Community Power Agency and the ISP Consumer Panel recommended against using the term “community batteries” in a way that conflates	AEMO thanks stakeholders for this recommendation and has adopted the term ‘network and community batteries’ in reference to mid-scale batteries sized between 5 MW and 30 MW.

Stakeholder feedback	AEMO response
community-owned resources with community-scale but network-owned resources.	
Specific statements and requests for further commentary	
ARDPL requested either the justification or removal of the statement that global economics are driving down the cost of renewables in Part A of the ISP.	AEMO has updated the references included in the final 2026 ISP to note sources from the International Energy Agency and Ember Research. In addition, AEMO referenced the Draft 2025-26 CSIRO GenCost ⁶⁹ information and the 2024 Aurecon energy technology cost and technical parameter review report ⁷⁰ to apply the latest market information regarding renewable energy cost projections in the ISP.
CEC considered that the ISP could add stronger commentary to bridge the gap between the modelled optimal pathway and operational realities.	AEMO recognises that there is appetite for operational realities to be reflected in the ISP. AEMO notes that the intention of the <i>Constrained Delivery</i> sensitivity is to explore the impacts of constrained delivery on the ODP, acknowledging the risk that project delivery may be impacted by planning approvals, lack of social licence, the supply chain, and construction. The results of the <i>Constrained Delivery</i> sensitivity underscore the need to commence and progress actionable projects in the ODP as quickly as possible, and this narrative is carried through to the main ISP report.

5.14 Other issues raised

Additional items of specific feedback are set out in the table below.

Feedback received	AEMO response
SA DEM recommended that AEMO publish the models and traces used for the Draft 2026 ISP. Electric Power Consulting also asked that additional data on generation and storage be published.	AEMO notes that, since this feedback was provided, additional data and workbooks have been made available on the Draft 2026 ISP Consultation page ⁷¹ . This includes the model and traces used to develop the Draft 2026 ISP, which can be downloaded using links at the bottom of the page under the 'Draft 2026 ISP data files' and 'Draft 2026 ISP traces' sections. AEMO has also published the models, inputs and assumptions, and data traces used to develop the final 2026 ISP on its website ⁷² .
Origin Energy requested that Draft 2026 ISP demand data be integrated into the Electricity Forecasting Data Portal.	Draft 2026 ISP demand data is available on the Electricity Forecasting Data Portal but is labelled '2025 ESOO' since the 2025 ESOO and the draft ISP shared the same demand forecasts. Changes to battery uptake trajectories have been applied to the final ISP forecasts, hence AEMO published these final forecasts on the Forecasting Data Portal in June 2026.
EESN expressed a desire for an enforceable and monitored orderly entry and exit program across market participants.	In relation to an entry mechanism, AEMO acknowledges this feedback and notes that Energy Ministers have established a taskforce to work on the design and implementation of recommendations arising out of the NEM wholesale market settings review, including the Electricity Services Entry Mechanism referenced by stakeholders. AEMO notes that detailed policy design for the Electricity Services Entry Mechanism is currently underway and is being led by Commonwealth

⁶⁹ At <https://www.csiro.au/en/research/technology-space/energy/Electricity-transition/GenCost>.

⁷⁰ At <https://www.aemo.com.au/energy-systems/major-publications/integrated-system-plan-isp/2026-integrated-system-plan-isp/2025-26-inputs-assumptions-and-scenarios>.

⁷¹ At <https://www.aemo.com.au/consultations/current-and-closed-consultations/draft-2026-isp-consultation>.

⁷² At <https://www.aemo.com.au/energy-systems/major-publications/integrated-system-plan-isp/2026-integrated-system-plan-isp>.

Feedback received	AEMO response
	DCCEEW, in collaboration with NEM jurisdictions. Further information on the implementation pathway for recommendations arising out of the NEM wholesale market settings review is on DCCEEW's website⁷³. In relation to an exit mechanism, AEMO notes the establishment of the Orderly Exit Mechanism, which is an opt-in framework that allows governments to manage the exit of thermal generators.
JEC recommended that the cut-off date for data and other updates to be fed into the ISP be set as late as possible to ensure that the ISP is as relevant and contemporary as possible.	AEMO agrees that the ISP should be as contemporary and up to date as possible and considers that the inputs and assumptions fed into the ISP are already finalised as late as possible while accommodating the level of rigour required in the modelling process. For example, AEMO received stakeholder feedback and other information in response to the Draft 2026 ISP and made the majority of updates to the final ISP model in March 2026, in time to allow the ISP assessment process to be completed ahead of final publication. In few exceptional instances, additional information was able to be incorporated until 20 April 2026, but this is not possible for all inputs and assumptions, AEMO continued to update the ISP following stakeholder input on the Draft ISP, up until April 2026. The final 2026 ISP summarises key changes from the Draft 2026 ISP in the Executive Summary, and Section 3 of this document sets out changes in inputs and outcomes which were made specifically in response to stakeholder feedback
Martin Kamener said AEMO should recognise new wholesale energy dynamics, characterised by abundant daytime renewable supply and comparatively scarce evening supply, and urged consideration of multiple factors in light of this such as whether the current grid structure is optimal and the basis for both wholesale and retail pricing. Martin Kamener also recommended that the ISP focus on evening and nighttime demand as a limited problem and not a whole of system problem.	AEMO has considered Martin Kamener's feedback on new wholesale energy dynamics. The ISP is underpinned by an integrated approach to energy market modelling that considers daily energy dynamics, as well as the long-term capacity outlook and power system requirements. Time-sequential modelling optimises electricity dispatch for every hourly or half-hourly interval. This means that the variations between daytime and nighttime conditions observed are already an important consideration in developing the ISP, and are accounted for when validating longer-term capacity outlook modelling outputs. AEMO understands that the request is to see consideration in the ISP of whether the current grid structure is fit-for-purpose, and reconsideration of the basis for wholesale and retail pricing. AEMO notes that the ISP is a plan for the NEM's transition and has a specific role that focuses on identifying the least-cost investment pathway to meet consumer needs and government targets. Broader reviews, for example into pricing and wholesale market settings, sit beyond the scope of the ISP, however, have their own dedicated review processes.

⁷³ At <https://www.energy.gov.au/sites/default/files/2026-03/national-electricity-market-wholesale-market-settings-review-nem-review-recommendations-implementation.pdf>.



6 Additional feedback on Addendums

6.1 Additional feedback on the Addendum to the Draft 2026 ISP

Summary of material issues raised in submissions

Two stakeholders provided feedback on the *Addendum to the Draft 2026 Integrated System Plan*, published in March 2026⁷⁴. Their feedback is summarised below.

Ergon Energy Retail expressed concerns that there is a gap between modelled system optimisation outcomes and those likely to emerge under real-world market conditions, explaining that this gap is most likely to emerge upon simultaneous materialisation of risks relating to CER and consumer behaviour, delayed investment, project delivery, global supply chains and workforce constraints. Ergon Energy Retail recommended greater emphasis on realistic assumptions, identification of key risks, and the incorporation of sensitivity testing to capture real-world uncertainties.

Save Our Surroundings Riverina recommended additional transparency on how development paths were narrowed down to 23 candidate development paths (CDPs) and expressed concerns on the risk of structural bias towards transmission-led solutions. Save Our Surroundings Riverina recommended full disclosure of the process for “pruning” CDPs and recommended other measures including lifecycle emissions analysis, the integration of system strength and non-network solutions, costing of Sulphur Hexafluoride (SF₆), and embedment of national security and supply chain resilience.

AEMO's consideration and response

AEMO acknowledges **Ergon Energy Retail's** feedback on the importance of realism in modelling assumptions and its recommendation to use sensitivity analysis to capture uncertainties. The 2026 ISP includes sensitivity analysis to explore the impacts of specific types of uncertainties mentioned by Ergon Energy Retail, including CER and delivery constraints. The *No Further CER Coordination* sensitivity explores potential impacts of no further coordination of additional CER, where additional CER is assumed to operate primarily passively to meet household needs. The *Constrained Delivery* sensitivity explores the impacts of delays and delivery constraints on the ODP. The results of these sensitivities are explored at Appendix A6 Cost Benefit Analysis and indicate that the ODP remains robust to these uncertainties.

In relation to **Save Our Surroundings Riverina's** request for additional transparency on how development paths are narrowed down to a set of CDPs, AEMO notes that its process for determining CDPs and the ODP is set out in the Addendum to the Draft 2026 ISP, the *ISP Methodology*, and at Part B of the 2026 ISP. Relevantly, the first step in determining the ODP is to determine the least-cost development path for each scenario. AEMO then uses these least-cost development paths as the basis for identifying a set of CDPs. Appendix A6 to the 2026 ISP sets out in detail how AEMO determined least-cost development paths and CDPs for each scenario for the 2026 ISP, setting out the net economic benefits of development paths with and without specific projects to explain the inclusion of specific projects in least-cost and candidate development paths.

⁷⁴ At https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2026/draft-2026-isp-addendum-consultation/addendum-to-the-draft-2026-integrated-system-plan.pdf.

6.2 Additional feedback on the Addendum to the 2025 IASR

Summary of material issues raised in submissions

Eleven stakeholders provided feedback on the *Addendum to the 2025 Inputs, Assumptions and Scenarios Report*, published in December 2025⁷⁵. Their feedback is summarised below.

Ausgrid recommended that CER forecasts account for the Commonwealth Government's CHBP. **NSW DCCEEW** agreed and also recommended consideration of the Solar Sharer Offer.

BZE disagreed with the assumption that electrolyzers would be located within REZs. BZE recommended that this assumption be revisited to reflect information on projects reflected in CSIRO's HyResource dataset, which indicates that hydrogen projects will be co-located with end users or located at ports within industrial precincts.

Climateworks Centre recommended that AEMO publish available evidence on price-responsive behaviour and flexible-demand potential, with transparent assumptions.

GE Vernova recommended greater traceability between inputs, assumptions, and ISP outcomes. GE Vernova also recommended that transparency would be enhanced with scenario-specific sensitivities that isolate the impact of each major change in assumptions so that stakeholders can understand which inputs are most influential on the ODP.

HILT CRC recommended that region-specific data be provided on the demand and flexibility profiles of heavy industrial hubs, rather than the ISP relying on straight-line assumptions for heavy industry.

Hydro Tasmania commented that delays in publishing demand traces can make it more challenging for stakeholders to interrogate modelling.

NSW DCCEEW noted that it had directed Transgrid to undertake the Far West Project as a priority network infrastructure project in January 2026 and that this may result in generation, storage, network or non-network assets in the Far West region, which includes the City of Broken Hill. NSW DCCEEW noted that the project would not involve an augmentation of the existing transmission line between Buronga and Broken Hill.

Origin Energy requested further explanation in the final 2026 ISP of how data centre demand forecasts were derived. Origin Energy requested clarification on the assumed mix and proportions of data centre types; load factors and utilisation assumptions for different data centre types; assumed demand shapes; assumed ramp profiles for new data centre capacity; and the treatment of on-site generation and how this is reflected in net operational demand outcomes. **Syncline Energy** also requested further clarification of the data centre demand forecast process and commented that demand profiles in the 2025 IASR appeared to be too low.

Powering Skills Organisation recommended more explicit consideration of labour availability as a driver of cost uncertainty, alongside other constraints such as materials, equipment and pipeline dimensions. Powering Skills Organisation noted that the emerging hydrogen sector would require a large construction and fabrication workforce and suggested that future iterations of the ISP include sensitivity analysis of labour-driven cost pressures when hydrogen infrastructure is delivered alongside other major projects.

⁷⁵ At <https://www.aemo.com.au/-/media/files/major-publications/isp/draft-2026/addendum-to-the-2025-inputs-assumptions-and-scenarios-report.pdf>.

Save Our Surroundings Riverina stated that the Addendum failed to disclose and address serious risks of renewables projects, such as the leaching of contaminants including heavy metals, PFAS, and Bisphenol A.

Syncline Energy requested that AEMO expand its cost database to reflect the services delivered by each costed project to the network, noting that high voltage alternating current (HVAC) overhead lines provide different benefits and capabilities to high voltage direct current (HVDC) units.

AEMO's consideration and response

AEMO makes the following comments.

In relation to **Ausgrid** and **NSW DCCEEW's** feedback on CER forecasts, AEMO has chosen to adopt the battery uptake forecasts from its *2026 Forecasting Assumptions Update* for all three scenarios for final ISP modelling to better represent the latest settings and to address feedback from several stakeholders. AEMO has investigated the impact of the Solar Sharer Offer and identified minimal impact for CER technologies.

In relation to **BZE's** feedback on hydrogen production assumptions, AEMO notes that external studies have shown that on average, REZ-based electrolyzers with hydrogen transported through pipelines is the least-cost option. Further information is available in the *ISP Methodology* at page 58.

In relation to **Climateworks Centre's** request for additional transparency regarding demand flexibility, AEMO notes that available data on consumer price responsiveness and uptake of coordination programs remains limited. AEMO will continue to monitor emerging evidence, and the impacts of relevant policies, such as the federal CHBP and incorporate relevant data into future forecasting methodologies and assumptions where appropriate. Further information on AEMO's assumptions regarding VPP and home battery uptake is provided in its *2025 Distributed PV and Batteries/VPP Forecast Report*⁷⁶, which contains updates from the information published in the 2025 IASR aligned with the *Draft 2026 Forecasting Assumptions Update*, and specific assumptions for the final 2026 ISP are contained within the 2026 Inputs and Assumptions Workbook⁷⁷.

In relation to **GE Vernova's** feedback on traceability, AEMO notes that Appendices A2 and A6 of the final 2026 ISP include further explanation on the impact of changes between the Draft 2026 ISP and the final 2026 ISP, and a summary table is also included in the executive summary of the main report, and every appendix. Models and traces are also made available publicly so that stakeholders can conduct their own analysis and interrogate results.

In relation to **HILT CRC's** feedback on region-specific data for industrial loads, AEMO will continue to improve and consult on its scenario suites to support forecasting and planning activities and will note this feedback for scenario development in the 2027 IASR.

AEMO acknowledges **Hydro Tasmania's** feedback on the importance of timely publication of demand traces. AEMO endeavours to make demand traces available at the earliest opportunity to stakeholders following quality assurance checks. The delays in the publication of the model and input traces used for the Draft 2026 ISP were due to unforeseen circumstances, and AEMO apologises for any inconvenience and reduction in transparency that this may have caused for stakeholders.

⁷⁶ See supporting materials at <https://www.aemo.com.au/consultations/current-and-closed-consultations/draft-2026-forecasting-assumptions-update>.

⁷⁷ At <https://www.aemo.com.au/-/media/files/major-publications/isp/2026/supporting-materials/2026-isp-inputs-and-assumptions-workbook.xlsx>.



AEMO has noted **NSW DCCEEW's** advice on developments in relation to the Far West Project. AEMO does not model prolonged network outage conditions as part of the long-term ISP planning process, but AEMO will incorporate any updates to generation or storage modelled as these projects become finalised and committed.

In relation to **Origin Energy** and **Syncline Energy's** feedback on data centre demand forecasts, AEMO notes that it has published additional information on how these forecasts were developed in a consultant report published with the final IASR, available on AEMO's website⁷⁸.

AEMO has considered **Powering Skills Organisation's** feedback on labour and workforce constraints and their potential impacts on hydrogen projects. Noting this feedback is for future iterations of the ISP, AEMO will consider this feedback when developing the 2028 ISP.

Save Our Surrounding Riverina stated that the Addendum did not disclose or address potential environmental risks associated with renewable energy projects. AEMO has considered this feedback. However, AEMO has not included the requested content in the final ISP because the ISP and its Addendum are whole-of-system planning documents and do not assess project-level environmental or contamination risks for individual developments. These matters are considered through project-specific planning, environmental assessment, community engagement and approval processes led by project proponents and the relevant responsible authorities.

In relation to **Syncline Energy's** feedback on the Transmission Cost Database, AEMO notes that AC augmentation options in the final 2026 ISP (and previously in the Draft 2026 ISP and 2025 *Electricity Network Options Report*) include cost allowances for reactive plant where relevant using reactive plant building blocks in AEMO's Transmission Cost Database. System strength costs have also been estimated in the final 2026 ISP using the methodology in Section 6 of the 2025 *Electricity Network Options Report*, which is based on the cost of synchronous condensers of various capacities.

⁷⁸ At https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2024/2025-iasr-scenarios/final-docs/oxford-economics-australia-data-centre-energy-consumption-report.pdf?rev=2d89b1a4455f4f0db94c1ffff76c0c06&sc_lang=en.

7 Considerations for 2028 ISP and beyond

Stakeholder feedback has identified a range of matters for future consideration. AEMO will consider these matters further through the 2027 IASR, the 2028 ISP, future ISPs, future Demand Side Factors statements, the inaugural *Demand Side Statement of Opportunities* (DSOO), and other planning publications, as relevant. This includes:

- **strengthening modelling and scenario development**, including:
 - improving distribution-level constraints modelling, including more consistent distribution network service provider data and more direct distribution modelling,
 - considering a distributed energy scenario in the 2027 IASR,
 - considering whether 160-hour pumped hydro should be included in capacity outlook modelling,
 - re-evaluating how gas price impacts are assessed,
 - considering lower-cost reliability alternatives to gas-powered generation, including demand-side participation,
- **improving demand and forecast assumptions**, including:
 - stress testing heavy battery EV demand with transport and logistics experts,
 - reviewing transport-sector demand assumptions, including hydrogen and electrification pathways,
 - monitoring EV and V2G developments, and updating data and assumptions when sufficiently reliable,
 - monitoring the Solar Sharer Offer and considering its inclusion in future forecasts if sufficient evidence becomes available,
 - reviewing data centre forecasting methods, engagement opportunities, and reform opportunities to improve visibility of these emerging loads and their treatment in future forecasts and plans,
- **improving demand-side analysis conducted for the ISP**, including:
 - improving the VPP database over time, including through work with retailers to obtain more regular participation insights,
 - further developing analysis of CER coordination in future Demand Side Factors statements,
 - expanding discussion of energy efficiency, electrification, flexible demand, and broader demand-side opportunities in future Demand Side Factors statements,
 - continuing to review the scope of the Demand Side Factors statement, including which demand-side factors are included and how CER coordination is represented,
 - working closely with stakeholders on the inaugural DSOO, including consideration of how demand-side options should be reflected in future ISPs,
 - further exploring the role of demand flexibility in the inaugural DSOO, with implications for future ISP iterations,
 - using DSOO and related work to inform future demand-side and energy efficiency opportunities,
- **updating project and REZ inputs**, including:

- revising REZ candidates as part of the 2027 IASR,
- continuing to incorporate updated evidence as new information becomes available, including on REZ resource quality and utilisation assumptions, and
- **continuing to improve engagement and methods**, including:
 - considering further consultation with stakeholders on what building social licence looks like,
 - considering further studies to improve understanding of the social impacts of new energy infrastructure development, and
 - continuing to evaluate stakeholder views on methodology as part of ongoing ISP development.

AEMO thanks stakeholders for their suggestions for future iterations of the ISP and for the time and effort invested in helping to continuously improve this roadmap for the energy transition in the NEM.

Glossary

This glossary has been prepared as a quick guide to help readers understand some of the terms used in the ISP. Words and phrases defined in the National Electricity Rules (NER) have the meaning given to them in the NER. This glossary is not a substitute for consulting the NER, the AER's *Cost Benefit Analysis Guidelines*, or AEMO's *ISP Methodology*.

Term	Acronym	Explanation
Actionable ISP project	-	Actionable ISP projects optimise benefits for consumers if progressed before the next ISP. A transmission project (or non-network option) identified as part of the ODP and having a delivery date within an actionable window. For newly actionable ISP projects, the actionable window is two years, meaning it is within the window if the project is needed within two years of its earliest in-service date. The window is longer for projects that have previously been actionable. Project proponents are required to begin newly actionable ISP projects with the release of a final ISP, including commencing a RIT-T.
Actionable project progressing under a jurisdictional framework	-	A transmission project (or non-network option), other than an actionable ISP project, which optimises benefits for consumers if progressed before the next ISP, is identified as part of the ODP, and which will progress under a jurisdictional policy that AEMO considers under NER 5.22.3 (b) and includes in the ISP.
Anticipated project	-	A generation, storage or transmission project that is in the process of meeting at least three of the five commitment criteria (planning, construction, land, contracts, finance), in accordance with the AER's Cost Benefit Analysis Guidelines. Anticipated projects are included in all ISP scenarios.
Candidate development path	CDP	A collection of development paths which share a set of potential actionable projects. Within the collection, potential future ISP projects are allowed to vary across scenarios between the development paths. Candidate development paths have been shortlisted for selection as the ODP and are evaluated in detail to determine the ODP, in accordance with the ISP Methodology.
Capacity	-	The maximum rating of a generating or storage unit (or set of generating units), or transmission line, typically expressed in megawatts (MW). For example, a solar farm may have a nominal capacity of 400 MW.
Committed project	-	A generation, storage or transmission project that has fully met all five commitment criteria (planning, construction, land, contracts, finance), in accordance with the AER's Cost Benefit Analysis Guidelines. Committed projects are included in all ISP scenarios.
Consumer energy resources	CER	Generation or storage assets owned by consumers and installed behind-the-meter. These can include rooftop solar, batteries and electric vehicles. CER may include demand flexibility.
Consumption	-	The electrical energy used over a period of time (for example a day or year). This quantity is typically expressed in megawatt-hours (MWh) or its multiples. Various definitions for consumption apply, depending on where it is measured. For example, underlying consumption means consumption being supplied by both CER and the electricity grid.
Cost-benefit analysis	CBA	A comparison of the quantified costs and benefits of a particular project (or suite of projects) in monetary terms. For the ISP, a cost-benefit analysis is conducted in accordance with the AER's Cost Benefit Analysis Guidelines.
Counterfactual development path	-	The counterfactual development path represents a future without major transmission augmentation. AEMO compares candidate development paths against the counterfactual to calculate the economic benefits of transmission.
Demand	-	The amount of electrical power consumed at a point in time. This quantity is typically expressed in megawatts (MW) or its multiples. Various definitions for demand apply, depending on where it is measured. For example, underlying demand means demand supplied by both CER and the electricity grid.
Demand-side participation	-	The capability of consumers to reduce their demand during periods of high wholesale electricity prices or when reliability issues emerge. This can occur through voluntarily reducing demand, or generating electricity, and is a form of 'demand flexibility'.

Term	Acronym	Explanation
Development path	DP	A set of projects (actionable projects, future projects and ISP development opportunities) in an ISP that together address power system needs.
Dispatchable capacity	-	The total amount of generation that can be turned on or off, without being dependent on the weather. Dispatchable capacity is required to provide firming during periods of low variable renewable energy output in the NEM.
Distribution network service provider	DNSP	A business which owns, controls or operates a distribution system (including a distribution network).
Distributed solar / distributed PV	-	Solar photovoltaic (PV) generation assets that are not centrally controlled by AEMO dispatch. Examples include residential and business rooftop PV as well as larger commercial or industrial “non-scheduled” PV systems.
Distribution project	-	A distribution project that is part of the ODP and forecast to be needed in the future. The project is an ISP development opportunity and does not address an identified need specified in the ISP. The ISP cannot make a distribution project ‘actionable’ or require commencement of the Regulatory Investment Test for Distribution (RIT-D).
Economic offloading	-	See ‘Spill’.
Firming	-	Grid-connected assets that can provide dispatchable capacity when variable renewable energy generation is limited by weather, for example storage (pumped-hydro and batteries) and gas-powered generation.
Future ISP project	-	A transmission project (or non-network option) that addresses an identified need in the ISP, that is part of the ODP and is forecast to be actionable in the future.
Identified need	-	The objective a TNSP seeks to achieve by investing in the network in accordance with the NER or an ISP. In the context of the ISP, the identified need is the reason an investment in the network is required, and may be met by either a network or a non-network option.
ISP development opportunity	-	A development identified in the ISP that does not relate to a transmission project (or non-network option) and may include generation, storage, demand-side participation, or other developments such as distribution network projects.
Mid-scale	-	Generation and storage typically connected to the distribution network rather than to either the transmission network or behind the meter at a business or residence. For the 2026 ISP, these resources are assumed to have a generation or charge/discharge capacity of between 5 MW and 30 MW. For ease of reporting in this document, mid-scale generation and storage are sometimes included within the totals for utility-scale generation and storage. In other AEMO documents, such as the <i>Demand Side Factors Information Guidelines</i> and the <i>ISP Methodology</i>, these resources are sometimes referred to as ‘other distributed resources’.
National Electricity Rules	NER	The Rules are legally binding rules made under the National Electricity Law, which govern the operation of the National Electricity Market and the ways in which AEMO manages power system security. The Rules also provide the regulatory framework for network connections and access, national transmission planning and pricing for network services. The Rules are mainly made by the AEMC having regard to the National Electricity Objective.
Net market benefits	-	The present value of total market benefits associated with a project (or a group of projects), less its total cost, calculated in accordance with the AER’s Cost Benefit Analysis Guidelines. The net market benefits of the ODP through to 2050 is the difference between the cost of the ODP and the cost of a ‘counterfactual’ development path which has no new transmission build.
Non-network option	-	A means by which an identified need can be fully or partly addressed, that is not a network option. A network option means a solution such as transmission lines or substations which are undertaken by a Network Service Provider using regulated expenditure.
Optimal development path	ODP	The development path identified in the ISP as optimal and robust to future states of the world. The ODP contains actionable projects, future ISP projects and ISP development opportunities, and optimises costs and benefits of various options across a range of future ISP scenarios.
Regulatory Investment Test for Transmission	RIT-T	The RIT-T is a cost benefit analysis test that TNSPs must apply to prescribed regulated investments in their network. The purpose of the RIT-T is to identify the credible network or non-network options to address the identified network need that maximise net market benefits to the NEM. RIT-Ts are required for some but not all transmission investments.
Reliable (power system)	-	The ability of the power system to supply adequate energy to satisfy consumer demand, allowing for credible generation and transmission network contingencies.

Term	Acronym	Explanation
Renewable energy	-	For the purposes of the ISP, the following technologies are referred to under the grouping of renewable energy: “solar, wind, biomass, hydro, and hydrogen turbines”. Variable renewable energy is a subset of this group, explained below.
Renewable energy zone	REZ	An area identified in the ISP as a high-quality resource area where a cluster of large renewable energy projects can be developed using economies of scale.
Renewable lull	-	A prolonged period of very low levels of variable renewable output, typically associated with dark and still conditions that limit production from both solar and wind generators.
Rooftop solar and other small-scale solar	-	Solar photovoltaic (PV) generation assets that are not centrally controlled by AEMO dispatch. Examples include residential and business rooftop PV as well as larger commercial or industrial “non-scheduled” PV systems.
Scenario	-	A possible future of how the NEM may develop to meet a set of conditions that influence consumer demand, economic activity, decarbonisation, and other parameters. For this ISP, AEMO has considered three scenarios: <i>Slower Growth</i> , <i>Step Change</i> and <i>Accelerated Transition</i> .
Secure (power system)	-	The system is secure if it is operating within defined technical limits and is able to be returned to within those limits after a major power system element is disconnected (such as a generator or a major transmission network element).
Sensitivity analysis	-	Analysis undertaken to determine how modelling outcomes change if an input assumption (or a collection of related input assumptions) is changed.
Spill	-	Refers to a VRE generator being dispatched below its maximum availability as its output is offered at a higher price, typically during periods of negative prices due to an oversupply of generation. Also referred to as ‘economic offloading’ or ‘spilled energy’.
Transmission network service provider	TNSP	A business responsible for owning, controlling or operating a transmission network.
Unserved energy	USE	Unserved energy represents energy that cannot be supplied to consumers when demand exceeds supply under certain circumstances, resulting in involuntary load shedding (loss of customer supply) in the absence of out of market intervention.
Utility-scale or utility	-	For the purposes of the ISP, ‘utility-scale’ and ‘utility’ refers to technologies connected to the high-voltage power system rather than behind the meter at a business or residence.
Value of greenhouse gas emissions reduction	VER	The VER estimates the value (dollar per tonne) of avoided greenhouse gas emissions. The VER is calculated consistent with the method agreed to by Australia’s Energy Ministers in February 2026.
Variable renewable energy	VRE	Renewable resources whose generation output can vary greatly in short time periods due to changing weather conditions, such as solar and wind.
Virtual power plant	VPP	An aggregation of resources coordinated to deliver services for power system operations and electricity markets. For the ISP, VPPs enable coordinated control of CER, including batteries and electric vehicles.