

28 May 2021



Nicola Falcon
General Manager, Forecasting
Australian Energy Market Operator (AEMO)

Submitted via email: ISP@aemo.com.au

Dear Ms Falcon,

AEMO'S DRAFT INTEGRATED SYSTEM PLAN (ISP) METHODOLOGY

Origin Energy Limited (Origin) welcomes the opportunity to provide feedback on the draft ISP methodology issues paper.

We provide some comments below aimed at improving the transparency and accuracy of the modelling process:

- **Transparency of wholesale price forecasts:** While the methodology sets out how AEMO will forecast wholesale prices, the outcomes are not transparent. AEMO should publish its wholesale price forecasts so that participants may undertake their own analysis.
- **Accuracy of DER modelling:** The accuracy of DER forecasts could be improved by using more practical assumptions in the modelling. Enhancing the accuracy of DER is crucial given the increasing role it plays in minimum and peak demand, and overall ISP outcomes.
 - The methodology assumes that excess rooftop solar PV is free to be exported to the grid unconstrained. We consider that this would overestimate the contribution of distributed PV capacity, given the recent developments in South Australia regarding export constraints on DER. We also understand the ESB is considering similar arrangements for the rest of the NEM. These should be incorporated into the modelling.
 - The contribution of energy efficiency to demand reduction has historically focused on lowering overall energy use. More recently, energy efficiency policy has shifted to focus on responsiveness to peak demand instead. An example of such a change in policy is the NSW government introducing the Peak Demand Reduction Scheme (PRDS) which is expected to commence in late 2022. AEMO should incorporate this policy shift in its energy efficiency forecasts, to the extent it has not done so.
- **Transparency of least-worst regret and TOOT analyses:** The draft and final ISP should include a detailed analysis of the outcomes of both approaches. This would help stakeholders understand the implications and limitations of the outcomes and better interpret the optimal development path.
- **Inclusion of clamping projections:** Clamping events may reduce the value provided by interconnectors and should be incorporated into the ISP modelling. We support AEMO considering the potential for clamping as a qualitative assessment in the ISP, given the limitations of quantitative analysis. This should include a discussion on the impact that clamping would have on interconnector capacity and value.

Should you have any questions or wish to discuss this submission further, please contact Sarah-Jane Derby at Sarah-Jane.Derby@originenergy.com.au or by phone, on (02) 8345 5101.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Steve Reid".

Steve Reid
Group Manager, Regulatory Policy