

13 August 2024

Mr. Daniel Westerman
CEO, Australian Energy Market Operator
Australian Energy Market Operator
Lodged via email: forecasting.planning@aemo.com.au

Dear Mr Westerman,

Response to AEMO's Consultation Paper on 2025 IASR Scenarios

The Clean Energy Investor Group (CEIG) welcomes the opportunity to provide feedback on the AEMO's consultation paper on 2025 IASR Scenarios (Consultation paper) published in July 2024.

CEIG represents domestic and global renewable energy developers and investors, with more than 16GW of installed renewable energy capacity across more than 76 power stations and a combined portfolio value of around \$38 billion. CEIG members' project pipeline is estimated to be more than 46GW across Australia. CEIG strongly advocates for an efficient transition to a clean energy future on behalf of the investors who will provide the low-cost capital required for this transition.

Key Points

- CEIG commends AEMO on its **comprehensive approach and early engagement** with stakeholders on its 2025 Inputs, Assumptions and Scenarios Report (ISAR).
- It is essential that the AEMO's forecasting and planning include a **range of scenarios** for policy makers that are **ambitious, yet realistic**.
- The **market benefits of the Green Energy Export scenario are approximately 3.6 times greater** than the Optimal Development Path (ODP) of the **Step Change scenario** and 4.4 times greater than the Progressive Change scenario.
- However, while the **Green Energy Export scenario presents substantial market benefits**, its ambitious nature may make **it seem less likely to some stakeholders**.

- Developing a **new scenario** that **balances the aspirational goals of the Green Energy Export scenario** with **realistic pathways** to address identified challenges can provide a middle ground that could be adopted by policy makers
- CEIG recommends the development of an **investor credible scenario** that presents the outcomes of **clear, stable, and predictable policy frameworks** aimed at **de-risking investments** and **attracting the necessary capital** for large-scale renewable energy projects aligned with a 1.5 degree outcome.

GENERAL COMMENTS

CEIG commends AEMO on its comprehensive approach and early engagement with stakeholders on its 2025 Inputs, Assumptions and Scenarios Report (ISAR).

Given the critical nature of the energy transition, it is essential that the AEMO's forecasting and planning in 2024-25 and 2025-26 include a range of scenarios for policy makers that are ambitious yet realistic, reflecting the balance between achievable goals and maximised market benefits.

While CEIG recognises the current emphasis on the Step Change scenario, we believe there is significant merit in introducing an additional scenario that seek to maximise the market benefits associated with the Green Energy Exports scenario whilst acknowledging the challenges impacting the energy transition.

AN INVESTOR CREDIBLE 1.5 DEGREE ALIGNED SCENARIO

Need for an ambitious, yet credible, scenario

The market benefits of the Green Energy Export scenario are approximately 3.6 times greater than the Optimal Development Path (ODP) of the Step Change scenario and 4.4 times greater than the Progressive Change scenario.¹ This underscores the transformative potential of this pathway not only for the energy sector but for the broader Australian economy.

Furthermore, CEIG recognises that positioning Australia as a global leader in renewable energy exports aligns with national interests in economic growth, job creation, and technological innovation.

However, while the Green Energy Export scenario presents substantial market benefits, its ambitious nature may make it seem less likely to some stakeholders. This is evident in the results of the Delphi Panel which produced a likelihood of 15 per cent for the Green Energy Exports scenario compared with a likelihood of 43 per cent for the Step Change scenario which is consistent with current policy.

CEIG acknowledge the challenges impacting the likelihood of achieving the Green Energy Export scenario, including cost, social license, supply chain constraints, and technical

¹ [AEMO, 2024: 2024 ISP Appendices 6 Cost Benefit Analysis](#)

complexity. However, these challenges are not insurmountable. With targeted policy measures, collaborative frameworks, and strategic investments, these barriers can be effectively addressed.

CEIG Recommends a New Scenario

Developing a new scenario that balances the aspirational goals of the Green Energy Export scenario with realistic pathways to address identified challenges can provide a middle ground that could be adopted by policy makers in the development of regulatory frameworks and policies to support the energy transition.

CEIG recommends the development of an investor credible scenario that presents the outcomes of clear, stable, and predictable policy frameworks aimed at de-risking investments and attracting the necessary capital for large-scale renewable energy projects aligned with a 1.5 degree outcome.

A scenario focused on achieving this objective would provide a clear, strategic vision that could attract both domestic and international investment.

CEIG thanks the AEMO for the opportunity to provide feedback on its Consultation paper and looks forward to continued engagement on those issues. Our Acting Policy Director can be contacted at daniel.zelcer@ceig.org.au if you would like to further discuss any elements of this submission.

Yours sincerely,



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