

## AEMO publishes least-cost pathway for the National Electricity Market

The Australian Energy Market Operator (AEMO) has today published its 2026 Integrated System Plan (ISP), the least-cost roadmap for the National Electricity Market.

Over the past two years, close to 2,000 stakeholders, including consumers and their advocates, industry, investors, network planners and governments, have helped shape the inputs, assumptions and scenarios underpinning the roadmap modelling.

The centrepiece of the ISP is the optimal development path (ODP), which sets out the least-cost way to support secure and reliable electricity supply as coal power stations retire and electricity consumption near doubles, while meeting government policy through to 2050.

AEMO CEO Daniel Westerman said the ISP reinforces a consistent direction for the electricity system, informed through strong stakeholder engagement and analysis of updated information.

“The 2026 ISP brings together extensive stakeholder input and models hundreds of system-wide investment combinations against future scenarios, identifying the least-cost path for the National Electricity Market,” Mr Westerman said.

“Over the forecast period, Australia’s ageing coal-fired power stations will close while electricity consumption is forecast to nearly double. At the same time, consumers are continuing to invest in rooftop solar and home batteries, which benefits all consumers by reducing the need for grid-scale investment,” he said.

AEMO tested around 1,000 different combinations of generation, storage, network and consumer investments across three future scenarios, supported by detailed cost-benefit analysis.

Key changes since the 2024 ISP reflect falling solar and battery costs, higher costs for transmission and wind, and stronger growth in consumer energy resources. At the same time, a number of projects have progressed and are no longer included, as the ISP focuses on future investments.

Under the Step Change scenario, the plan involves around \$106 billion in annualised capital investment to 2050 (in today’s dollars). Around \$6 billion of this is for transmission, which would deliver significant benefits, saving consumers \$30 billion in avoided capital, operating and fuel costs compared to a pathway without these transmission investments.

“Transmission is a relatively small share of overall system investment but delivers substantial benefits for consumers by unlocking lower-cost energy across the National Electricity Market,” Mr Westerman said.

“The direction for Australia’s energy future remains clear, it’s renewable energy, supported by storage, connected by transmission and distribution, and backed up by gas,” he said.

The ISP tests the robustness of the ODP under a range of sensitivities, including varying levels of consumer energy coordination and energy efficiency, higher demand from industrial loads such as data centres, and constrained delivery of generation and transmission.

AEMO’s constrained delivery sensitivity shows that if generation, storage and transmission projects are delayed and more costly in the near term, the actionable transmission projects identified in the ODP continue to deliver significant benefits to consumers. Without them, system costs rise and reliability risks increase.

“Delivering these transmission projects without delay is critical, as the need and consumer benefits are clear,” Mr Westerman said.

“Australia’s energy transition requires a whole-of-system approach, one that maximises value from generation, storage and transmission with the growing contribution of homes and businesses through rooftop solar, batteries and more flexible energy use,” he said.

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# Media Release

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## **About AEMO**

AEMO is responsible for operating Australia's largest gas and electricity markets and power systems in the best interests of Australian energy consumers. These include the National Electricity Market and interconnected power system in Australia's eastern and south-eastern seaboard, the Wholesale Electricity Market and power system in Western Australia, the Victorian gas transmission system and gas markets across Australia.

As Australia's independent energy markets and power systems operator, AEMO provides critical planning, forecasting and power systems security advice and services to deliver energy security for all Australians. AEMO is a not-for profit entity. For more information, head to [www.aemo.com.au](http://www.aemo.com.au).