



19 February 2020

Australian Energy Market Operator  
Level 22, 530 Collins Street  
Melbourne VIC 3000

Sent by email to: [isp@aemo.com.au](mailto:isp@aemo.com.au)

To Whom It May Concern,

**Integrated System Plan**

I am writing to you regarding the ETU's recent participation in the various consultations and inputs relating to the draft 2020 Integrated System Plan (ISP).

The ETU is deeply concerned about the significant flaws in the processes associated with the ISP, including the;

- barriers to meaningful participation for some industry stakeholders,
- poor quality of inputs leading to unreliable outputs,
- limitations associated with the RIT-T processes,
- constrained modelling approach failing to explore the most optimal approach, and
- absence of a clear and quantifiable objective.

Noting that the ISP is an iterative approach, the ETU calls on AEMO to review its engagement and consultation processes prior to the 2-yearly review of the ISP to identify shortcomings and ensure proper and equitable participation for all energy stakeholders.

**Barriers to Participation**

The processes associated with engagement and consultation on the ISP are seriously flawed. It is designed to only allow meaningful participation of large, well resourced organisations with teams of dedicated professionals working full time on the issues being discussed.

The process is almost entirely absent any meaningful engagement with energy industry workers, their Unions and civil society. There is significant disparity in the level of engagement with stakeholders with selected organisations receiving briefings, phone calls and emails about key issues while other stakeholders, such as our Union, are left to monitor a myriad of complex websites hoping to find out when an opportunity to contribute may arise.

Australia is in the midst of a radical energy transition that is having a disproportionate impact on energy industry workers, yet they are almost unilaterally excluded from meaningful engagement and consultation.

## **Quality of inputs**

I would refer you to our correspondence of 12 February 2020, the ETU's GenCost submission, which outlined our concerns with the representation of different energy types as one example of what the ETU believes to be serious flaws in the model assumptions. Along with these concerns is the lack of offshore renewable deployments considered in the draft ISP despite there being evidence of offshore renewable resources which are known to provide benefits to system strength due to their generation profile.

Any reduction in the quality of the inputs to the ISP will be amplified in the ultimate outputs and we see significant risks in the current quality of ISP inputs.

## **Transmission Limitations**

Whilst the ETU recognises the various priority and near term projects identified in the ISP and would broadly agree with the location of these projects as being necessary to unlock grid constraints, the ETU is deeply concerned with the limitations imposed through the RIT-T process to deliver fit for purpose transmission expansion and augmentation.

In order to create a genuinely interconnected transmission network to meet the future needs of a distributed generation profile, transmission infrastructure must not continue to be built using the old model of one long line and two connection points.

Transmission network expansion and augmentation must embrace the concept of a design and build model that ensures a "plug and play" approach which maximises the capacity for new generation sources to quickly, efficiently and cost effectively connect into the network. Easements for new transmission must be located within renewable energy zones and protection systems need to anticipate the impacts of the future distributed generation model along with the variability profile of the generation sources. For example, there doesn't appear to be any real planning to retrofit the network to incorporate the levels of synthetic inertia that will be needed to maintain grid stability and frequency into the future.

It appears that there is no contemplation of proper planning and coordination of renewable deployment. Transmission upgrades based on a "least cost" framework are deeply flawed in that they simply defer and delay costs which ultimately compound and then get realised at much higher levels.

## **Constrained Modelling**

Australia needs a rapid deployment and transition to renewable energy sources. The current transition is fragmented and poorly planned. If the ISP is in fact attempting to explore a 'least regret' approach to future planning then it is clearly a major deficiency that the modelling doesn't explore the impacts of privatisation, marketisation and corporatisation of the energy sector.

Public ownership and significant regulatory reform should be assessed through the process especially considering the significant academic work available demonstrating the inefficiencies, profiteering and cost implications associated with the current national electricity market.

That the ISP contemplates 'business as usual' in this regard means the entire process is blinkered from the start and misses huge opportunities for a cheaper, more reliable and better planned energy transition that serves the interests of consumers, workers and the Australian community.

## What is the Actual Objective?

It is entirely unclear what the actual objectives of the ISP are and who or what they are supposed to serve. At best it appears the ISP is designed to serve the interests of the network itself followed by some peripheral requirements to cause customers some 'regret', just not too much along with providing the financial services sector and government treasury's with some broad financial planning advice on likely cost estimates.

Absent clear objectives, the ISP lacks any moral clarity on the role of the energy sector to provide stable and secure employment outcomes, rapid decarbonisation of the energy sector in a planned and coordinated fashion or indeed an accountable, safe and cost reflective essential public service. Indeed, the word affordable is only used twice in the entire ISP and is entirely undefined as if somehow if we just crunch enough technical data than multinational foreign owned corporations will miraculously start slashing their profits and consumer power bills at the same time. Although it must be noted that the ISP doesn't predict when this event will actually manifest.

The effects of climate change on the energy sector, including through increased prevalence and severity of natural disaster combined with a poorly transitioning energy industry which, coupled with increasingly hostile workplace laws, is eroding the energy industry's historical profile of delivering long term, stable and secure jobs, services and social benefits to the Australian people. The negative impacts of these combined events are escalating, and these impacts are often being felt most acutely in regional communities.

Australian workers are at the forefront of these impacts but are being excluded from the processes, discussions and consultations around solutions needed in this energy transition.

## Conclusion

In closing I would like to reiterate the ETU's concern with the lack of meaningful engagement with energy industry workers and their representatives. There is an untapped resource of industry knowledge and expertise that AEMO must consider how to better engage and consult with.

Absent this meaningful engagement, the ISP in its current form will do little more than entrench much of the status quo.

Should you wish to discuss the matters we have raised further, please feel free to contact our National Policy Officer Trevor Gauld at [trevor@etuaustralia.org.au](mailto:trevor@etuaustralia.org.au).

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Allen Hicks', written in a cursive style.

Allen Hicks,  
National Secretary