

Submission into AEMO Draft 2023 ISP Methodology

Greenpeace Australia Pacific

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Summary and Recommendations

Thank you for the opportunity to make a submission to the Australian Energy Market Operator (AEMO) Draft 2023 Integrated System Plan (ISP) Methodology. Greenpeace Australia Pacific sees this as an important opportunity to update the ISP scenarios to reflect the rapid and deep emissions reductions needed for Australia to contribute to global emissions reductions in line with Paris Agreement goals of limiting global warming to 1.5 degrees.

Our positions and recommendations are as follows:

1. **Proceed with the proposal to include the ‘value of carbon emissions’ as part of the cost-benefit analysis.** This aligns with the updating of the National Electricity Objective (NEO) to include consideration of emissions. We strongly support this proposal.
2. **Include at least one additional 1.5 degree-aligned scenario that focussed on domestic decarbonisation and electrification as opposed to a large export industry.** While the Hydrogen Superpower in the existing ISP provides an interesting insight into one potential 1.5 degree-aligned pathway for Australia, this is heavily weighted to building a large hydrogen export industry and therefore represents a maximum level of renewable energy required to do so. What this scenario misses is the settings required for a 1.5 degree-aligned grid that emphasises a rapid domestic transition. Such a scenario would provide critical insight for policy makers as to the minimum renewable energy build and complementary measures and infrastructure to first fully decarbonise our grid before consideration of a large hydrogen export industry. We recommend such a scenario includes:
 - Rapid renewable energy and storage build
 - Very high and rapid rates of electrification across household, small business and heavy industry
 - Much larger uptake of distributed energy resources (DER), including vehicle to grid based on very rapid uptake of EVs
 - Very rapid improvements to energy performance economy-wide
 - Absolute minimum gas peaking generation
3. **Drop proposal to significantly derate short-term storage devices.** This proposal as it stands would effectively limit the modelled capacity of batteries by up to 50%. The same logic of “imperfect forecasting” used to justify this has not been applied to unreliable coal and gas power stations, placing unwarranted weighting towards these legacy power

stations. In addition, this limit on storage devices in the modelling risks skewing the modelling against storage devices and making them appear more expensive than in reality.

About Greenpeace

Greenpeace is a global environmental network dedicated to the mission of securing a world capable of nurturing life in all of its magnificent diversity. We are fully independent, accepting no funding from any government, business or political party anywhere in the world. Greenpeace Australia Pacific is an autonomous entity headquartered in Sydney with more than 1.2 million people participating in our network.