

13 AUGUST 2024

Australian Energy Market Operator AEMO
2025 IASR Scenarios Consultation
Forecasting.planning@aem.com.au

To Whom it May Concern,

Re: 2025 IASR Scenarios

The Next Economy is a not-for-profit regional economic development agency that supports regional areas across Australia. We work with communities to develop strategies to manage economic change and accelerate the transition to a climate-safe, equitable and regenerative economy. This includes undertaking work across Australia to help regional communities better understand the impacts and opportunities associated with the energy transition.

We welcome AEMO's consultation of the changes proposed to the Inputs, Assumptions and Scenarios Report (IASR) 2025. The scenarios are critical for all levels of government, industry and business to plan their energy transition.

To that end, the decision of AEMO to retain the underlying scenario narratives of the 2023 IASR scenario collection, while applying several adjustments to each scenario's parameters is supported. As is, the adjustments proposed to maintain or improve the scenarios in response to market conditions and to improve their ongoing consistency.

Drawing on our understanding of the energy transition within regions and the current social and economic factors impacting the pace of development, The Next Economy considers the proposed amendments to scenario parameters do not adequately reflect the current and future context.

This submission outlines the social and economic factors impacting the pace of development in our regions and considers how this may be addressed within the scenario parameters.

Social and economic factors

Social licence

The Next Economy commend AEMO for including Social Licence as a key consideration in the development of the 2024 Integrated System Plan (ISP) and consider it will be essential to factor social licence within the development of the scenarios. The Next Economy anticipates Social Licence will grow in importance in both the lead up to Federal and State elections and as local communities and developers face implementation challenges.

The Next Economy supports a network of more than 20 regional council and economic development staff across regional Australia who are supporting their communities to manage the transition. Every member of this network has experienced significant challenges with the implementation of large scale renewables in their regions, with challenges relating to jobs, housing and allied infrastructure being amongst the most significant concerns. In many instances, these challenges are then exploited by those who oppose the development of renewable energy and transmission, creating lasting division within the community. While project proponents invest resources in building social licence, the risk and delays that result from community opposition are impacting investment decisions, planning approvals and the pace of development.

Jobs

It is estimated Australia will need to increase the clean energy workforce from approximately 53,000 workers today to 84,000 by 2050¹. The concentration of the growth in jobs will be in regional Australia where there is an existing shortage of workers and limited access to training and education for local employment pathways. Regional communities are concerned existing workers will be cannibalised by the renewable energy workforce and it will undermine their local economies.

Housing and allied infrastructure

While there is a housing shortage experienced across Australia, the lack of housing stock in regional areas is exacerbated by the need to house large numbers of workers associated with renewable energy development for the construction period. While regions and developers grapple with how best to develop workers camps within the project timeframe, regional councils struggle to ensure adequate infrastructure exists to support extra housing as well as the development itself. The lack of water and sewage capacity, for example, has been raised by numerous councils as a major constraint to development.

The Next Economy understand that AEMO has not recommended delaying the transition by applying deliverability constraints such as the aforementioned. The Next Economy questions if it is within

¹ Australian Government Jobs and Skills Australia October 2023 The Clean Energy Generation: Workforce needs for a net zero economy

AEMOs scope to consider these constraints within the Australian economic and demographic drivers particularly as they relate to the Progressive Change scenario.

In conclusion, The Next Economy commends AEMO for considering social licence in the development of the 2024 ISP and would like to see the process and criteria improved to include the risk and delays posed by Social Licence in the development of the 2025 IASR.

We welcome the opportunity to engage further on this issue. Please get in contact if you have any questions about this submission.

Kind regards,

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

Dr Amanda Cahill

Chief Executive Officer

The Next Economy

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