Appendix A1. Stakeholder Engagement

December 2025

Appendix to the Draft 2026 Integrated System Plan for the National Electricity Market

We acknowledge the Traditional Custodians of the land, seas and waters across Australia. We honour the wisdom of Aboriginal and Torres Strait Islander Elders past and present and embrace future generations.

We acknowledge that, wherever we work, we do so on Aboriginal and Torres Strait Islander lands. We pay respect to the world's oldest continuing culture and First Nations peoples' deep and continuing connection to Country; and hope that our work can benefit both people and Country.

'Journey of unity: AEMO's Reconciliation Path' by Lani Balzan

AEMO is proud to have launched its first Reconciliation Action Plan in May 2024. 'Journey of unity: AEMO's Reconciliation Path' was created by Wiradjuri artist Lani Balzan to visually narrate our ongoing journey towards reconciliation - a collaborative endeavour that honours First Nations cultures, fosters mutual understanding, and paves the way for a brighter, more inclusive future.

Important notice

Purpose

This is Appendix A1 to the Draft 2026 Integrated System Plan (ISP) which is available at https://aemo.com.au/energy-systems/major-publications/integrated-system-plan-isp. AEMO has prepared this document to provide information about stakeholder engagement to develop the Draft 2026 ISP, as at the date of publication.

Disclaimer

The information in this document is provided for explanatory purposes and may be subsequently updated or amended. This document does not constitute legal, business, engineering or technical advice, and should not be relied on as a substitute for obtaining detailed advice about the National Electricity Law, the National Electricity Rules, or any other applicable laws, procedures, or policies. AEMO has made reasonable efforts to ensure the quality of the information in this document but cannot guarantee its accuracy or completeness.

Accordingly, to the maximum extent permitted by law, AEMO and its officers, employees and consultants involved in the preparation of this document:

- make no representation or warranty, express or implied, as to the currency, accuracy, reliability, or completeness of the information in this document; and
- are not liable (whether by reason of negligence or otherwise) for any statements or representations in this document, or any omissions from it, or for any use or reliance on the information in it.

Copyright

Version control

Version	Release date	Changes
1	10/12/2025	First release

ISP Appendices

Appendix A1. Stakeholder Engagement

- Stakeholder feedback
- Engagement approach
- Major engagements

Appendix A2. Generation and Storage Opportunities

- A rapidly evolving NEM will transform energy supply
- Generation and storage development opportunities across scenarios
- The influence of sensitivities on generation and storage development opportunities

Appendix A3. Renewable Energy Zones

- REZ candidates
- REZ development overview
- Regional outlook and REZ scorecards

Appendix A4. System Operability

- The NEM's demand profiles will continue to evolve
- VRE penetration and curtailment
- System flexibility manages increased variability
- Storage technologies will firm VRE by shifting energy
- Operating the power system during long, dark, and still conditions
- Maintaining reliability during the transition

Appendix A5. Network Investments

- Transmission development overview
- Committed and anticipated projects
- Actionable projects
- Future ISP projects

Appendix A6. Cost-Benefit Analysis

- Approach to the cost-benefit analysis
- Determining the least-cost development path for each scenario
- Determining the set of candidate development paths to identify the ODP
- Assessing the candidate development paths
- Selecting the optimal development path
- Testing the resilience of the candidate development paths
- The optimal development path

Appendix A7. System Security

- Recent reforms to the security planning frameworks
- AEMO's approach to system security planning
- System security concepts and requirements
- Projected outlook and opportunities

Appendix A8. Social Licence

- Social licence overview
- Social licence for new energy infrastructure development

Appendix A9. Demand Side Factors Statement

- Introduction to demand side factors
- Opportunities for development of the distribution network
- Demand side factors and efficient development of the power system

Appendix A10. Gas Development Projections

- Gas system adequacy
- Gas development projections
- Forecasting the role of gas-powered generation
- Impacts of different gas development projections on the electricity capacity outlook

Contents

Tables

Figures

Executive summary

AEMO's *Integrated System Plan* (ISP) is a roadmap for the NEM's transition, and outlines an 'optimal development path' (ODP) for generation, storage and network investments to meet Australia's future energy needs.

The Draft 2026 ISP reaffirms that renewable energy, connected by transmission and distribution, firmed with storage and backed up by gas presents the least-cost way to supply secure and reliable electricity to consumers as coal plants retire, while meeting government policies through to 2050.

The 2026 ISP is built on extensive stakeholder engagement and planning, ensuring the plan incorporates a broad spectrum of feedback and reflects the long-term interests of consumers.

This appendix summarises the stakeholder engagement journey to date:

- It highlights how input from consumers and advocates, the ISP Consumer Panel and the Consumer and Community Reference Group, industry and government, has shaped the Draft 2026 ISP. Stakeholders had significant opportunities to engage on the development of the Draft 2026 ISP with consultation on the *ISP Methodology* (four-yearly review), two stages of the *Inputs, Assumptions and Scenarios Report* (IASR), the *Electricity Network Options Report* and the inaugural *Gas Infrastructure Options Report.*
- Key opportunities for further engagement are outlined, with AEMO committed to providing accessible information and meaningful avenues for participation – including the new ISP Toolkit, designed to help stakeholders understand and contribute to the ISP's development.

AEMO welcomes ongoing feedback as the 2016 ISP moves into the next phase of consultation, so the ISP continues to benefit Australians.

Key changes from the 2024 ISP

Stakeholder feedback plays an important role in developing the ISP and this has resulted in some key difference between the 2024 ISP and the Draft 2026 ISP:

Refined scenarios

- Refined scenarios, including renaming *Progressive Change* to *Slower Growth*, and removing the export elements of future green energy industries to rename the *Green Energy Exports* as *Accelerated Transition*.
- Identified with 25 energy sector representatives the likelihood of key parameters shaping the energy transition, leading to *Step Change* being identified as the most likely scenario of the three scenarios used in the Draft 2026 ISP (46%), with equal weighting of 27% likelihood for *Slower Growth* and *Accelerated Transition*.

Expanded scope

- Improved consideration of demand-side factors and distribution network opportunities.
- Updated gas infrastructure options, gas infrastructure costs and added clarification on the purpose of the gas development projections in the ISP.

Refined assumptions and cost estimates

- Moderation of the assumption about consumer energy resources (CER) coordination uptake.
- Update of transmission cost estimates in the Draft 2026 ISP.
- Technology-specific weighted average costs of capital (WACCs) to reflect the different cost of financing investments with a different risk profile.

Social licence

- Engagement with project developers, jurisdictional bodies, and with the Consumer and Community Reference Group and ISP Consumer Panel, to deepen consideration of social licence and community sentiment in early options planning for the ISP.

Accessibility

- Release of enhanced ISP communication materials to improve the accessibility of the ISP for consumers including the ISP Toolkit.

A1.1 Introduction

This appendix summarises stakeholder engagement undertaken to date for the Draft 2026 ISP, outlines key dates and opportunities for stakeholders to engage with AEMO, and how to make a submission. AEMO greatly appreciates the input and feedback provided by stakeholders at key stages, as outlined in Section A1.4. Recognising the significant time and effort required to engage with ISP planning, AEMO values ongoing collaboration and looks forward to future engagement with stakeholders.

Consultation on the Draft 2026 ISP is the next major phase of engagement on the 2026 ISP. Stakeholder feedback continues to play a vital role in shaping the work AEMO does so the 2026 ISP delivers in the long-term interests of consumers.

A1.1.1 Engagement program overview

Over the past 18 months, AEMO has engaged regularly with stakeholders at key stages of development of the 2026 ISP, with multiple opportunities for stakeholder input. Key stakeholders engaged include consumers and advocates, industry, market bodies, government, and other interested stakeholders such as academics, environmental groups and energy industry consultants.

AEMO's engagement goal for the 2026 ISP is:

> Provide interested stakeholders with appropriate time and opportunity to access and provide meaningful input into our planning. We want interested stakeholders to get involved and shape our planning for the efficient development of the energy system, for the benefit of all Australians as we work to achieve a net zero future.

The goal AEMO set for the engagement program was used to guide the engagement approach and ensure, where possible, that the 2026 ISP reflects stakeholder needs and expectations.

Engagement commenced at the start of the two-year planning cycle with consultation on the 2025 IASR, and how inputs, assumptions, and scenarios are applied in the ISP modelling. This next stage of consultation on the Draft 2026 ISP is critical to facilitate stakeholder feedback on the reasoning and analysis for the proposed ODP to inform finalisation of the 2026 ISP, set for publication in June 2026. This includes consultation on the gas development projections informing the ODP and an opportunity to consult on an Addendum to the 2025 IASR that is published with the Draft 2026 ISP in response to the Australian Energy Regulator's (AER's) transparency review of the 2025 IASR (see Section 4.1.6 in the report).

The 2026 ISP Consumer Panel has affirmed the direction taken by AEMO in the 2026 ISP Stakeholder Engagement Plan – this included support for the stated purpose, goal, objectives and commitments[1]. The Panel acknowledged the 'pace' of the ISP process may at times be challenging for some stakeholders to respond, but recognised that AEMO made every effort to hear stakeholders who want to respond to a particular topic, and commended AEMO for actively seeking to improve AEMO's engagement approaches over recent years.

[1] See https://www.aemo.com.au/-/media/files/major-publications/isp/2026/2026-isp-stakeholder-engagement-plan-response.pdf?rev=4d309b11489a4e708f912a8ca2a8a4f8&sc_lang=en.

A1.1.2 Stakeholder engagement journey

Over the past 18 months, AEMO has given interested stakeholders a range of opportunities to get involved in the development of the 2026 ISP. Throughout these consultations, AEMO has formally engaged with more than 1,400 stakeholders, including 1,160 webinar attendees and 241 submissions. In addition, AEMO has published 37 reports and reference materials, and hosted 17 webinars and workshops.

Table 1 highlights the key engagement activities and outputs aligned with the Engagement Institute IAP2 Public Participation Spectrum[2]. In addition to these formal activities, AEMO also regularly briefs and talks to governments from all jurisdictions, and has many 1:1 conversations with key stakeholders across industry and with consumer advocates.

Table 1 2026 ISP Stakeholder engagement activities

Stage	IAP2 Goal	Key activities	Output*
1. Preliminary engagement	Collaborate	Set up the 2026 ISP Consumer Panel[A] and develop an engagement strategy.	• Four panel members appointed 12 April 2024; over 35 meetings held over two years from July 2024 to seek advice on key ISP topics. • 2026 ISP Stakeholder Engagement Strategy delivered 12 September 2024. • Seven consultation submissions. • In addition to the ISP Consumer Panel, AEMO also engaged its broader Consumer and Community Reference Group (CCRG), which provided input and advice on four ISP engagements including 2026 ISP Consumer Panel support.
	Inform	Improved the accessibility of the ISP in response to the ISP Review recommendation 11[3].	• Produced an easy-to-read 30-page ISP Toolkit which explains how the ISP is prepared, how it affects stakeholders, and how they can become involved in its development. Included advice from CCRG on structure and content. • Three podcasts to help explain the ISP, its role and the work AEMO undertakes to produce it. • Overview documents produced to provide easy-to-access information on the 2025 IASR and scenarios.
2. *ISP Methodology*	Consult	Across eight months: Three webinars / workshops including one consumer advocates session.	• 58 formal non-confidential submissions Including two ISP Consumer Panel submissions. • 203 webinar attendees. • Three reports published.
3. 2025 IASR	Consult	Across 13 months: • 11 webinars / workshops, including three consumer advocates sessions, five Forecasting Reference Group (FRG) meetings and consultations, and a joint publication webinar with the 2025 *Electricity Network Options Report* and 2025 *Gas Infrastructure Options Report*. • Deliberative panel (25 experts) to inform scenario weightings for the Draft 2026 ISP.	• 123 formal submissions, including 73 submissions to the 2025 IASR consultation and 50 submissions to the 2025 IASR scenarios consultation (this includes three ISP Consumer Panel submissions). • 668 webinar attendees. • 16 reports/reference materials published, including the 2025 IASR overview[C]. • ISP CP support for the use of a technology-specific WACC. • ISP CP and CCRG advice on methodological clarifications and improved transparency and simplified language for describing WACC.

[2] See Engagement Institute IAP2 Public Participation Spectrum. At https://iap2.org.au/resources/spectrum/.

[3] At https://www.energy.gov.au/energy-and-climate-change-ministerial-council/energy-ministers-publications/energy-ministers-response-review-integrated-system-plan.

Stage	IAP2 Goal	Key activities	Output*
4. 2025 *Electricity Network Options Report*	Consult	Across three months: • Two webinars / workshops, including one consumer advocates session. • Regular joint planning with TNSPs. • Regular working group meetings with DNSPs.	• 40 formal submissions including 1 ISP Consumer Panel submission • 193 webinar attendees. • 11 reports / reference materials published. • ISP CP and CCRG: helping refine AEMO's social licence considerations in the Draft 2025 *Electricity Network Options Report*
5. 2025 *Gas Infrastructure Options Report*	Consult	Across three months: • One webinar. • Regular 1:1 gas industry meetings.	• 20 formal submissions including one ISP Consumer Panel submission. • 96 webinar attendees. • Seven reports/reference materials published.

*Webinar attendee numbers do not include AEMO staff.
A. At https://www.aemo.com.au/energy-systems/major-publications/integrated-system-plan-isp/2026-integrated-system-plan-isp/2026-isp-consumer-panel.
B. At https://www.aemo.com.au/consultations/industry-forums-and-working-groups/list-of-industry-forums-and-working-groups/consumer-and-community-reference-group.
C. At https://www.aemo.com.au/consultations/current-and-closed-consultations/2025-iasr.

A1.1.3 Draft 2026 ISP consultation

AEMO welcomes and encourages written submissions from all stakeholders on the Draft 2026 ISP. AEMO has extended the consultation period in acknowledgement of the summer holiday period and is seeking written submissions by 13 February 2026.

Table 2 lists the consultation and submission dates for the Draft 2026 ISP. Stakeholders can register for public and specialised forums (in the form of webinars) through the AEMO website[4].

Table 2 Consultation and submission dates for the Draft ISP

Date	Milestone	Purpose
10 December 2025	Draft 2026 ISP	Consult on the Draft 2026 ISP (including proposed Optimal Development Path) and invite written submissions.
16 December 2025	Publication webinar	A public forum on the Draft 2026 ISP, with questions encouraged.
13 February 2026	Consumer Advocate session	A specialised forum for Consumer Advocates to provide verbal comments.
13 February 2026	Submissions close	Written feedback from all stakeholders.

Consultation questions

AEMO has included a range of questions throughout the Draft 2026 ISP and Appendices to guide consultation on the Draft 2026 ISP. These questions represent priority areas of feedback AEMO is seeking for this formal consultation which is focused on the ISP outcomes rather than the IASR inputs and scenarios. Inputs and assumptions have been extensively consulted on through the development of the IASR (see Section A1.4.1). However, AEMO welcomes all feedback from stakeholders at any stage of the ISP cycle.

[4] At https://www.aemo.com.au/energy-systems/major-publications/integrated-system-plan-isp/2026-integrated-system-plan-isp/opportunities-for-engagement.

Draft 2026 ISP consultation questions

1. AEMO has proposed an ODP that represents a mix of investments that help deliver a reliable, secure, and least-cost power system while also meeting government policy targets.

   Do stakeholders agree with AEMO's optimal development path selection in the Draft 2026 ISP? If yes, what gives you that confidence? If not, what should be further considered, and why?

2. In the Draft 2026 ISP, AEMO has proposed some changes to actionable transmission projects including:
   - 11 actionable projects to remain for delivery over the next decade,
   - Three projects to move to 'committed or anticipated' status,
   - One project to move to 'future' status to align with the timing of other projects that influence its benefits (Queensland SuperGrid South aligned with Borumba Pumped Hydro), and
   - Two projects under review due to uncertainty in input assumptions and the influence of recent policies (Northern Transmission Project and QNI Connect).

   Do you agree with the proposed timing and treatment of actionable projects in this draft?

3. For the Draft 2026 ISP, the tested sensitivities were on constrained delivery of the ODP, variations on the gas development projection, the pace of coal closures, reduced energy efficiency measures, more or no further CER uptake, and more or no CER coordination.

   What other sensitivities should be considered to further test the robustness of the candidate development paths, and why? What other sensitivities are relevant to testing robustness of investment decisions, why?

4. For the first time, AEMO has assessed opportunities for investment in distribution networks across the NEM, that are consistent with the efficient development of the power system, to support operation of consumer energy resources. This recognises the key role of distribution networks in supporting the integration of consumer energy resources. See Appendix 9 for more information.

   Does the ODP appropriately identify and leverage demand-side investments?

5. For the first time in the Draft 2026 ISP, AEMO has incorporated combinations of gas investments that may be developed by the gas industry. These gas development projections influence the gas availability to support the power system in the future, and the mix of investments required in the ODP.

   Do the gas development projections reflect an appropriate level of investment to support the gas sector, including gas-powered generation in the NEM?

6. The Addendum to the 2025 Inputs Assumptions and Scenarios Report (IASR) provides further explanation in response to the AER's Transparency Review. This includes further explanation of forecast components including policies affecting consumer demand, data centres, hydrogen production, biomethane and community batteries.

   Do stakeholders have feedback on the Addendum to the 2025 IASR?

A1.2 Stakeholder feedback – key topics

AEMO considers all formal stakeholder submission feedback, and summarises material issues from submissions into themes and provides AEMO responses in consultation summary reports. **Table 3** below highlights the key feedback topics for each consultation.

Table 3 Key topics of consultation feedback

Consultation	Key topics
2025 IASR	• Scenario set and parameters • Rate of return and technology specific Weighted Average Costs of Capital (WACCs) • Network developments • Demand side factors CER • Hydrogen considerations • Sector coupling. For more information see the *2025 IASR Consultation Summary Report* July 2025[A].
ISP Methodology	• Capabilities of CER • Distribution resources and distribution network capabilities • Gas supply modelling • ODP selection • Perfect foresight of the ISP model • Hydrogen modelling • Enhancements to system security. For more information see the *ISP Methodology – Consultation Summary Report* June 2025[B].
2025 *Electricity Network Options Report*	• Transmission project cost estimates • Flow paths • REZ augmentations • Social licence matters • Inclusion of distribution network opportunities • Other methodology matters. For more information, see the 2025 *Electricity Network Options Report – Consultation Summary Report* July 2025[C].
2025 *Gas Infrastructure Options Report*	• Gas infrastructure costs • Gas development projections • Application of gas development projections for fuel limitations in the ISP For more information, see the *2025 Gas Infrastructure Options Report – Consultation Summary Report*[D] July 2025.

A. At https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2024/2025-iasr-scenarios/final-docs/2025-iasr-consultation-summary-report.pdf?la=en.
B. At https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2024/2026-isp-methodology/consultation-summary-report---isp-methodology.pdf?rev=62b472fcba2d4b73beceee863d5b285d&sc_lang=en.
C. At https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2025/2025-electricity-network-options-report/final/2025-electricity-network-options-report-consultation-summary-report.pdf?rev=9a6a68b1f7cd42c79fd924492d25a2aa&sc_lang=en.
D. At https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2025/2025-gas-infrastructure-options-report/final/2025-gas-infrastructure-options-report-consultation-summary-report.pdf?rev=be3bc9548b114fd1a4a4e141760f59fa&sc_lang=en.

A1.3 Engagement approach

A1.3.1 Engagement design

The 2026 ISP Stakeholder Engagement Plan[5] sets out AEMO's approach to engaging stakeholders in the development of the ISP. The aim of the engagement approach is to maximise opportunities for participation and ensure stakeholder input shapes the ISP's direction. AEMO is committed to making engagement accessible through consultations, forums, and direct discussions[6].

AEMO's engagement approach for the 2026 ISP follows the AER's *Forecasting Best Practice Guidelines*[7], and builds on feedback for improvement from previous engagement programs. Following the Energy and Climate Change Ministerial Council 2024 ISP Review[8], the scope of engagement has expanded, and AEMO is also providing targeted communications for a broader audience to ensure engagement is accessible to all stakeholders that want to get involved.

This section details engagement principles, commitments, scope, process, stakeholders, and engagement impact.

Engagement principles and commitments

In addition to complying with consultation requirements, AEMO's engagement is guided by four principles – credibility, reliability, staying close, and self-awareness – to ensure honest, transparent, and consistent stakeholder interactions[9].

Commitments include respecting stakeholder time, tailoring communications, and responding to feedback. The goal is effective, inclusive engagement, accessible materials, with clear guidance on consultation priorities and increasing communication to summarise feedback and its impact. Full details are in the ISP 2026 Stakeholder Engagement Plan on AEMO's website.

Engagement scope

AEMO's engagement program focused on engaging on areas of its planning that matter most to consumers and stakeholders, and where they can have the greatest influence. AEMO continually informs stakeholders throughout the ISP development cycle.

Table 4 below provides an outline of the key areas that included the consult, involve and collaborate levels of IAP2 spectrum of engagement with key stakeholders.

[5] At https://www.aemo.com.au/-/media/files/major-publications/isp/2026/2026-isp-stakeholder-engagement-plan.pdf.

[6] AEMO's target level of engagement is mapped against the Engagement Institute IAP2 Spectrum of Public Participation. For further information, see https://iap2.org.au/resources/spectrum/.

[7] At https://www.aer.gov.au/system/files/AER%20-%20Forecasting%20best%20practice%20guidelines%20-%2025%20August%202020.pdf.

[8] See https://www.energy.gov.au/energy-and-climate-change-ministerialcouncil/energy-ministers-publications/review-integrated-system-plan.

[9] At https://www.aemo.com.au/-/media/files/about_aemo/stakeholder-engagement/stakeholder-engagement-framework-external.pdf?la=en&rev=9f87bae95f00455ba00b579bf74be747&sc_lang=en&hash=B3C004E7F7F92F97D56DEB768E761DF8.

Table 4 ISP engagement scope

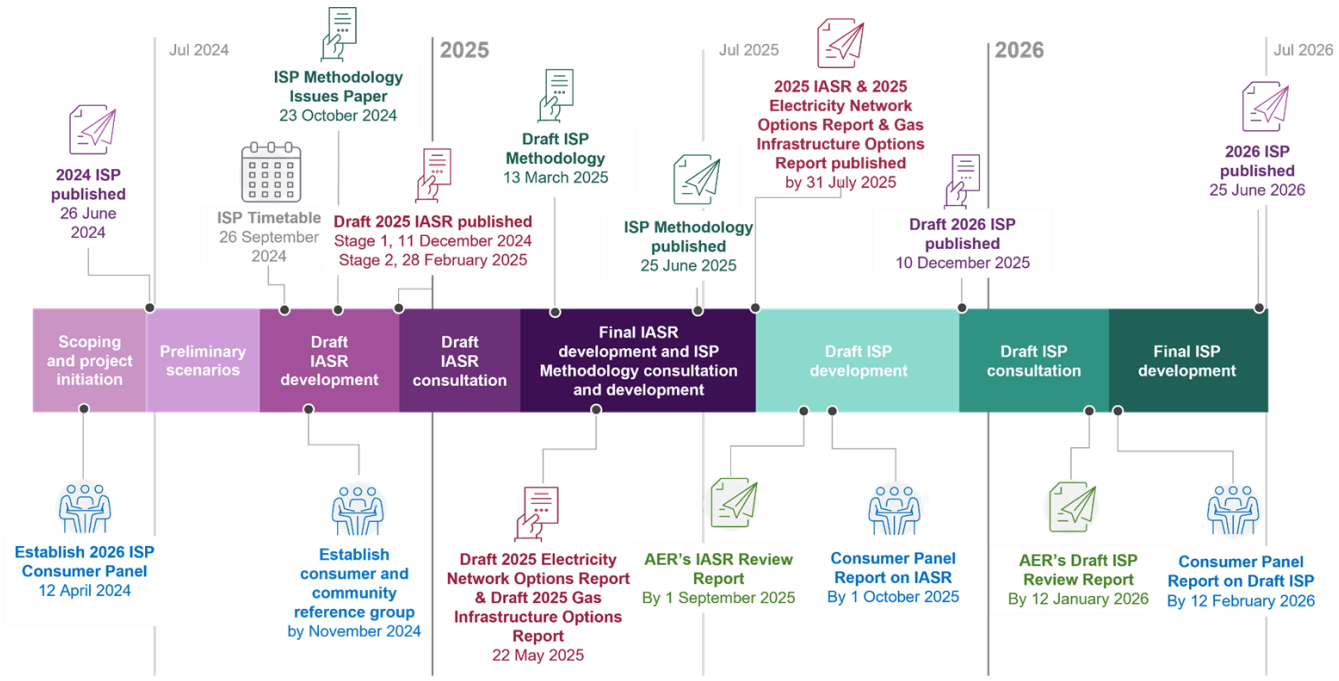
Topic	Scope
Policy	*Inform* stakeholders how AEMO engages with jurisdictions on the consideration of policy at key consultation points for the ISP (in response to ISP Review recommendation 9)[A].
ISP Accessibility	*Inform* stakeholders with an easy-to-read 30-page ISP Toolkit which explains how the ISP is prepared, how it affects stakeholders, and how they can become involved in its development in response to ISP Review recommendation 11. ISP podcasts and easy explainer IASR and ISP overviews have also been developed to improve ISP understanding.
ISP Methodology	*Consult* stakeholders for feedback on proposed modelling, methodology and analysis.
Inputs, assumptions, and scenarios	*Consult* stakeholders on proposed inputs, assumptions, scenario design and sensitivities. *Consult* stakeholders including the ISP Consumer Panel and CCRG on the Weighted Average Cost of Capital (WACC).
Forecasting	*Consult* stakeholders on forecasting. Since July 2024, AEMO has hosted 16 Forecasting Reference Group meetings. Topics have included data centre forecasts, multi-sectoral modelling, retirement costs and pumped hydro energy storage (PHES) technical parameters, cost escalation factors, EV and CER forecasts, and gas forecasts[B].
Network options	*Collaborate* with Networks on electricity network options including conceptual design, lead time, location, and cost estimate. *Consult* key stakeholders for feedback on methodology (design, project lead time, location, cost estimates), flow path augmentation options, REZ augmentation options and generator connection costs. *Collaborate* with key expert stakeholders to identify and plan for network augmentation design (joint planning). *Consult the 2026 ISP Consumer Panel and CCRG on transmission costs, affordability and community sentiment*.
Gas options	*Consult* with stakeholders on gas infrastructure cost, gas development projection and application of gas development projections for fuel limitations in the ISP.
CER	*Consult* the 2026 ISP Consumer Panel on the treatment of consumer energy resources.
Scenario weighting	*Consult* with expert stakeholders on key scenario parameters to help determine scenario weightings for use in the Draft 2026 ISP.

A. At https://www.aemo.com.au/-/media/files/major-publications/isp/2026/consultation-with-jurisdictions-for-the-integrated-system-plan.pdf?la=en.
B. At https://www.aemo.com.au/consultations/industry-forums-and-working-groups/list-of-industry-forums-and-working-groups/forecasting-reference-group-frg.

A1.3.2 Engagement process and opportunities

Stakeholder input is essential to the development of the Draft 2026 ISP with engagement occurring at each stage. **Figure 1** shows the stakeholder engagement AEMO undertook to develop the 2025 IASR and the Draft 2026 ISP. AEMO thanks all stakeholders who have taken the time to get involved, provide submissions, and attend webinars.

Figure 1 2026 ISP Timetable



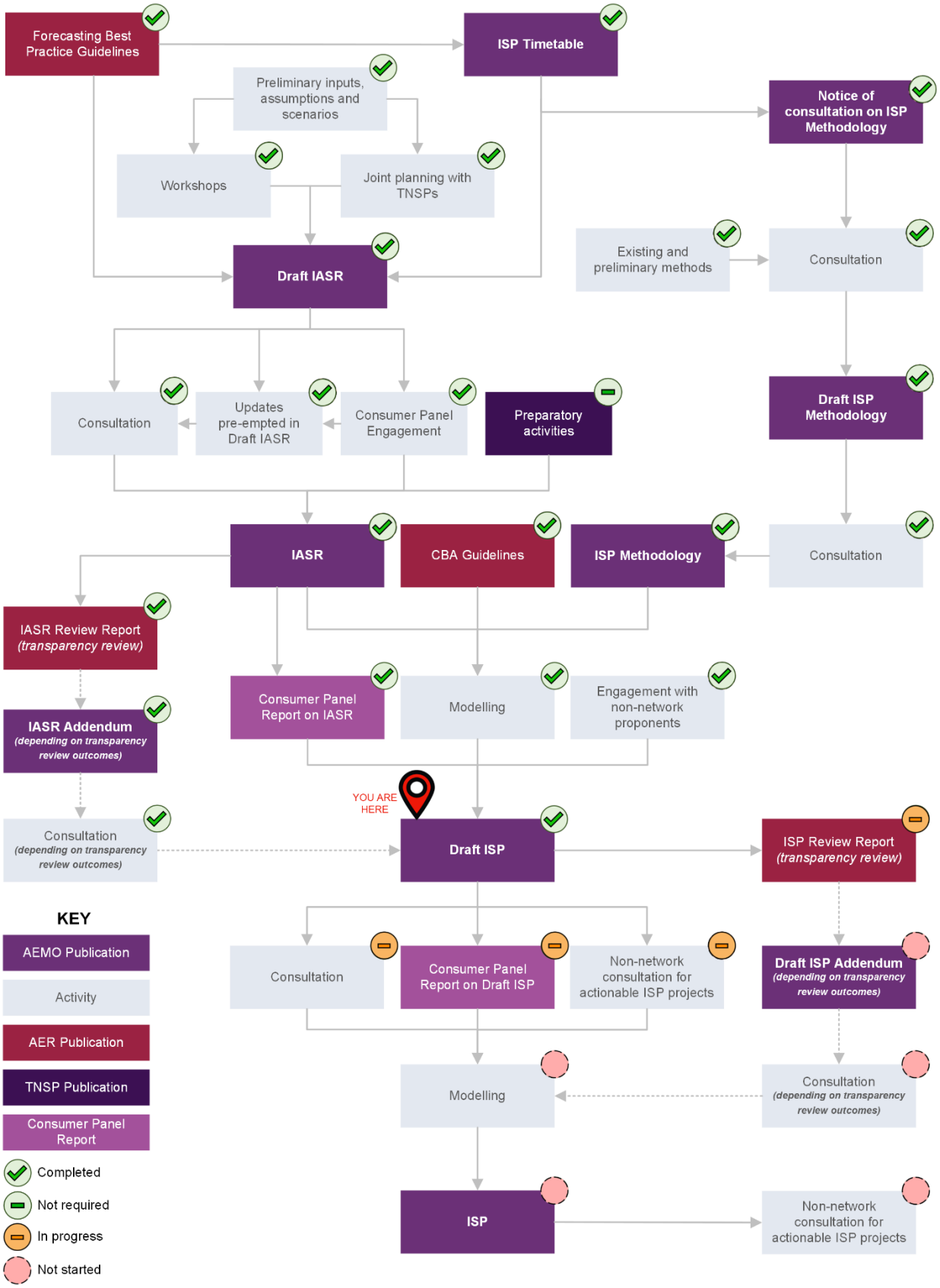
The 2026 ISP Timetable provides a high-level overview of the key milestones related to the 2026 ISP. The full 2026 ISP timetable is available online[10].

Figure 2 on the following page outlines the consultation engagement process and status of engagement activities undertaken to date to develop the Draft 2026 ISP. AEMO publishes upcoming opportunities and past engagements including webinar recordings on the 2026 ISP Stakeholder Engagement webpage[11].

[10] At https://www.aemo.com.au/-/media/files/major-publications/isp/2026/2026-isp-timetable.pdf?rev=b3660add790c499daff09e966fe61b25&sc_lang=en.

[11] At https://www.aemo.com.au/energy-systems/major-publications/integrated-system-plan-isp/2026-integrated-system-plan-isp/opportunities-for-engagement.

Figure 2 2026 ISP development process and status of report and engagement activity



Stakeholder engagement

A total of 1,401 stakeholders have formally engaged in the development of the Draft 2026 ISP. This includes 1,160 stakeholders[12] who participated in webinars across the 2025 IASR, 2025 *Electricity Network Options Report*, 2025 *Gas Infrastructure Options Report*, and *ISP Methodology* publications over a 13-month period. In addition to webinar engagement, 241 submissions were considered across the four core reports.

AEMO also regularly briefs and talks to governments, jointly plans with networks and has many 1:1 conversations with other key stakeholders across industry and with consumer advocates.

A1.3.3 Engagement impact

Each major engagement includes a consultation summary report that outlines key stakeholder themes and areas where feedback has been adopted during the development of the Draft 2026 ISP.

For a full summary of the consultation feedback and AEMO's responses, please view:

- 2025 IASR – Consultation Summary Report[13].
- ISP Methodology – Consultation Summary Report[14].
- 2025 Electricity Network Options Report – Consultation Summary Report[15].
- 2025 Gas Infrastructure Options Report – Consultation Summary Report[16].

2026 ISP Consumer Panel

The 2026 ISP Consumer Panel (the Panel) established by AEMO in accordance with the NER continues to be central to bringing a -consumer focused perspective to the development of the 2026 ISP, as shown in **Table 5**. AEMO maintained an open dialogue with the Panel to better understand consumer concerns about how the development of a new power system could affect them. AEMO's engagement with the Panel was complemented by broader engagement with energy consumers and consumer advocates.

[12] This is not a unique count and includes individuals who have made multiple submissions or attended multiple webinars.

[13] At https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2024/2025-iasr-scenarios/final-docs/2025-iasr-consultation-summary-report.pdf?la=en.

[14] At https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2024/2026-isp-methodology/consultation-summary-report---isp-methodology.pdf?rev=62b472fcba2d4b73beceee863d5b285d&sc_lang=en.

[15] At https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2025/2025-electricity-network-options-report/final/2025-electricity-network-options-report-consultation-summary-report.pdf?rev=9a6a68b1f7cd42c79fd924492d25a2aa&sc_lang=en.

[16] At https://www.aemo.com.au/consultations/current-and-closed-consultations/2025-gas-infrastructure-options-report-consultation.

Table 5 2026 ISP Consumer Panel engagement activity

IAP2 Goal	Activity	Outcome
Consult & collaborate	Fortnightly meetings with four expert Consumer Advocates	35 meetings from July 2024 – December 2025, resulting in the development of several key deliverables (listed below)
	Engaged on: • Engagement strategy and ISP Toolkit • Social licence • Scenarios and sensitivities • ISP Methodology • Transmission options and costs	Delivery of: • 2025 IASR response • 2026 ISP Stakeholder Engagement Plan response • Submission to Select Committee on Energy Planning and Regulation in Australia • Seven consultation submissions: 2025 *ISP Methodology* (Issues Paper and Draft), 2025 IASR (Stage 1 and Stage 2), IASR Scenarios, 2025 *Electricity Network Options Report*, 2025 *Gas Infrastructure Options* Report.

Under the NER, the Panel is required to submit two reports to AEMO, within two months of the publication of the final IASR and Draft ISP[17]. The Panel's reports are required to provide their "assessment of the evidence and reasons supporting" the IASR and Draft ISP[18] and, in preparing these reports, the Panel "must have regard to the national electricity objective"[19].

AEMO appointed four members to the Panel on 17 April 2024. Since its creation, the Panel has engaged in great depth on numerous aspects of the development of the 2025 IASR, *ISP Methodology*, 2025 *Electricity Network Options Report* and the 2025 *Gas Infrastructure Options Report*. The Panel engaged in direct discussions with AEMO on key issues each fortnight, with over 35 dedicated meetings since April 2024. The Panel has also provided extensive written advice in the form of submissions to additional consultations during the development of the 2024 ISP, including the Federal Government's Select Committee on Energy Planning and Regulation in Australia[20].

The main focus of the 2026 ISP Consumer Panel over the first half of 2025 has been diving into and responding to the Draft 2025 IASR, which Panel members view as the 'engine' of the ISP. The Panel said it is generally satisfied that the data detail presented in the final IASR provides a solid basis for the next stage of 2026 ISP modelling and candidate development path development. A summary of the Panel's recommendations are outlined in its 86-page report[21], including 28 recommendations across 13 categories on the final IASR. AEMO must have regard to ISP Consumer Panel reports, but it is at AEMO's discretion to give effect to any recommendations therein[22]. As appropriate, AEMO endeavours to give effect to Panel recommendations wherever possible.

There has been effective collaboration between AEMO and the Panel on many topics, including:

- the 2026 ISP stakeholder engagement plan,
- financial parameters – the Panel provided input and advice, such as varying WACC by technology and scenario,
- transmission costs – advice and input including recommendations outlined in a formal submission to the Draft 2025 *Electricity Network Options Report*,

[17] NER 5.22.7(d)(1).

[18] NER 5.22.7(e)(1).

[19] NER 5.22.7(d)(2).

[20] At https://share.google/P4ykvaTZxe08MlH4O.

[21] At https://www.aemo.com.au/-/media/files/major-publications/isp/2025/2026-isp-consumer-panel-final-2025-iasr-response.pdf?rev=915d95ccfef44529a59a98928f883364&sc_lang=en.

[22] As per NER 5.22.7(g).

- scenarios – including suggestions on scenario names and scenario weightings process for the 2026 ISP selection,
- the *ISP Methodology* – advice and input resulting in a formal submission, and
- the Draft 2025 *Gas Infrastructure Options Report* – including a formal submission.

Further information on the Panel, including terms of reference, member biographies, and all the Panel's reports and submissions, is available on the Panel's page of AEMO's website[23].

AEMO wishes to record once again sincere thanks to Panel members Mark Henley, Craig Memery, Beverley Hughson and Dr Jarra Hicks. AEMO acknowledges the Panel's significant contribution to the development of the Draft 2026 ISP. The Panel both constructively challenged and extensively supported AEMO throughout its tenure. AEMO would also like to thank Bridget Ryan and David Prins (Consumer and Community Reference Group members) for their contribution to the Panel from June to September 2026 while a Panel member was on leave.

AEMO will announce the new 2028 Panel in April-May 2026 to commence at the beginning of the next two-year 2028 ISP development cycle, consistent with a key recommendation from the 2026 Panel.

Consumer and Community Reference Group

Established by AEMO in October 2024, the Consumer and Community Reference Group (CCRG) provide strategic insights and advice to AEMO across a range of energy issues to deepen its knowledge and application of consumer and community perspectives within its day-to-day work and future planning. As a diverse cohort of consumer and community advocates, its members represent a diverse range of interests, from households and businesses to First Nations peoples, regional communities, and agricultural and environmental groups. Members have provided input into the development of the Draft 2026 ISP in a variety of ways, as **Table 6** outlines.

Table 6 Consumer and Community Reference Group engagement

IAP2 Goal	Activity	Outputs
Collaborate	Feedback and advice on: • Oxford Economics' & AEMO's WACC and rate of return modelling • ISP Toolkit content and engagement approach to enhance understanding of the ISP Community sentiment • AEMO's approach to incorporate community sentiment in early transmission options • Targeted advice and input to Panel while some members were on leave for input to the 2025 IASR ISP Consumer Panel Report	Five ISP/IASR engagements from February 2024 to October 2025 Outcomes: • WACC: Enhanced clarifications of methodology used, to improve transparency and simplified language around what the WACC considers to build understanding. • ISP Toolkit: Sharpening the purpose, structure and content • Helping refine AEMO's social licence considerations in the Draft 2025 Electricity Network Options Report. This included: – explaining clearly how and why AEMO and other parties considers social licence across the transmission planning stages to enhance transparency and understanding. – providing clarity on how and why land use inputs are used in conceptual network planning, and that these are not a proxy for social licence or sentiment for localised projects.

AEMO looks forward to continuing its work with CCRG members to better inform its thinking and decision-making and to support positive energy outcomes for Australian consumers and communities. For further information on social licence in the 2026 ISP, please refer to Appendix A8.

[23] At https://www.aemo.com.au/energy-systems/major-publications/integrated-system-plan-isp/2026-integrated-system-plan-isp/2026-isp-consumer-panel.

A1.4 Major engagements

Engagement with all stakeholders has been critical to the development of the 2026 ISP, helping improve and refine scenario development and inform forecasting, decision-making and assessment.

Consultations for the Draft 2026 ISP commenced in September 2024 with engagement on the *ISP Methodology*, and continued with further consultation and engagement on inputs, assumptions and scenarios to be used for the 2025 IASR.

This section provides an overview of the key major stages of engagement that have played a significant role in the development of the Draft 2026 ISP:

- ISP Methodology,
- 2025 IASR (Stage 1 & 2) including the stakeholder engagement on 2026 ISP scenario weightings,
- 2025 Electricity Network Options Report,
- 2025 Gas Infrastructure Options Report,
- 2026 ISP Consumer Panel report on the 2025 IASR, and
- AER Transparency Review of the 2025 IASR.

A1.4.1 ISP Methodology

The NER require AEMO to develop the *ISP Methodology*, which sets out how AEMO will undertake modelling and cost benefit analysis for the Draft 2026 ISP[24].

An update to the *ISP Methodology* was released on 25 June 2025. AEMO received 21 non-confidential submissions, and one confidential submission in response to the Draft *ISP Methodology* and Consultation Paper. This was preceded by the Issues Paper, which considered 37 publishable submissions (written and verbal).

The submissions to the Draft *ISP Methodology* and Consultation Paper mainly discussed the capabilities of CER, distribution resources and distribution network capabilities, gas supply modelling, ODP selection, perfect foresight of the ISP model, hydrogen modelling, and enhancements to system security.

A summary of the key themes and the volume of submissions that addressed each is summarised in **Figure 3**.

For a copy of stakeholder feedback and detailed responses, please see the *ISP Methodology – Consultation Summary Report*[25].

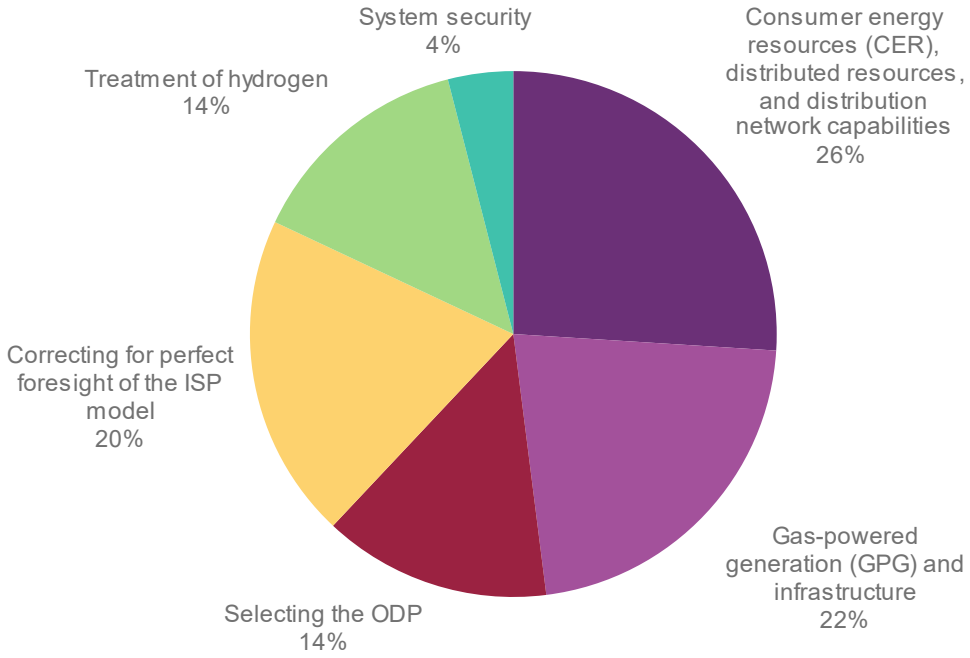
For more information into the stakeholder feedback themes, please see the consultation summary report[26].

[24] NER 5.22.8(d).

[25] At https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2024/2026-isp-methodology/consultation-summary-report---isp-methodology.pdf?rev=62b472fcba2d4b73beceee863d5b285d&sc_lang=en.

[26] At https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2025/2025-gas-infrastructure-options-report/final/2025-gas-infrastructure-options-report-consultation-summary-report.pdf?rev=be3bc9548b114fd1a4a4e141760f59fa&sc_lang=en.

Figure 3 2025 *ISP Methodology* key consultation submission themes (as % of frequency)



A1.4.2 Inputs, assumptions, and scenarios

2025 IASR

The 2025 IASR[27] included three scenarios that are used to support forecasting and planning in an uncertain environment, and assess future risks, opportunities, and development needs to match electricity supply and demand. It also noted that AEMO will develop a range of sensitivities to explore how forecasting and planning results may differ if key assumptions change.

AEMO published the final 2025 IASR[28] on 31 July 2025 following regular engagement over 11 months from July 2024 to June 2025. AEMO considered 63 formal submissions to the Draft 2025 IASR (36 in the first stage and 27 in the second). Additional input came via the Forecasting Reference Group, with 10 relevant publishable submissions received. Prior to this, AEMO received 50 submissions on the ISP scenarios consultation.

Key themes from stakeholder submissions included support for the application of technology-specific WACCs, REZ-focused network development, CER integration, greater focus on domestic needs rather than export opportunities in the stronger decarbonisation scenario, hydrogen infrastructure, and sector coupling clarity.

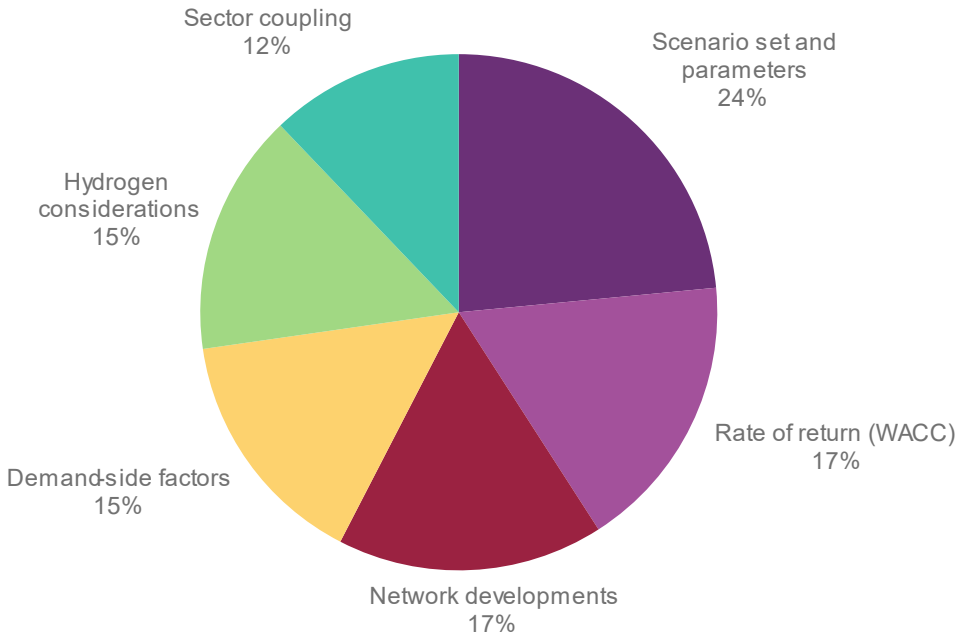
Figure 4 provides a summary of the key submission topics received. Full details of the process and outcomes of stakeholder engagement are available in the consultation summary reports for the 2025 IASR[29].

[27] For a detailed explanation of the three ISP scenarios (*Slower Growth, Step Change and Accelerated Transition*), see Section 2 of the 2025 IASR, at https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2024/2025-iasr-scenarios/final-docs/2025-inputs-assumptions-and-scenarios-report.pdf?rev=63268acd3f044adb9f5f3a32b6880c27&sc_lang=en.

[28] The 2025 IASR, all supporting materials and demand trace data, are at https://www.aemo.com.au/energy-systems/major-publications/integrated-system-plan-isp/2026-integrated-system-plan-isp/2025-26-inputs-assumptions-and-scenarios.

[29] At https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2024/2025-iasr-scenarios/final-docs/2025-iasr-consultation-summary-report.pdf?rev=6dc56931355649d9a4610a540d11154c&sc_lang=en.

Figure 4 2025 IASR key consultation submission themes (as % of frequency)



2026 ISP scenario weightings

Ahead of the Draft 2026 ISP release on 10 December 2025, AEMO has assessed the relative likelihood of key energy planning scenarios that all meet government energy and emission policies.

These scenarios are used to identify the ODP, using detailed modelling methodologies developed specifically for the ISP, and were developed with consideration of stakeholder input to the 2025 IASR.

Scenario weighting outcome

AEMO received input from expert stakeholders through a full-day deliberative workshop with 25 energy sector representatives in September 2025 to help inform scenario weightings. *Step Change* was identified as the most likely of the three scenarios for the Draft 2026 ISP (46%), with equal weighting of 27% likelihood for *Slower Growth* and *Accelerated Transition*.

Figure 5 2026 ISP scenario weightings

For further information on the 2025 IASR scenario weighting results, the process used to determine them, and how they will be applied in the 2026 ISP, see the overview[30] on AEMO's website.

[30] At https://www.aemo.com.au/-/media/files/major-publications/isp/2026/2026-isp-scenario-weighting-overview.pdf?rev=4dae70ae407241f68e19e768a4ce2a14&sc_lang=en.

2025 Electricity Network Options Report

The 2025 *Electricity Network Options Report* identified potential augmentation options in electricity networks within the NEM which are an important input to the development of the 2026 ISP. It includes both transmission and distribution opportunities, and further consideration of social licence for transmission.

The 2025 *Electricity Network Options Report*[31], published on 31 July 2025, was prepared following consideration of stakeholder submissions received in response to the draft report published in May 2025 and was the result of extensive joint planning with TNSPs, DNSPs and jurisdictional bodies.

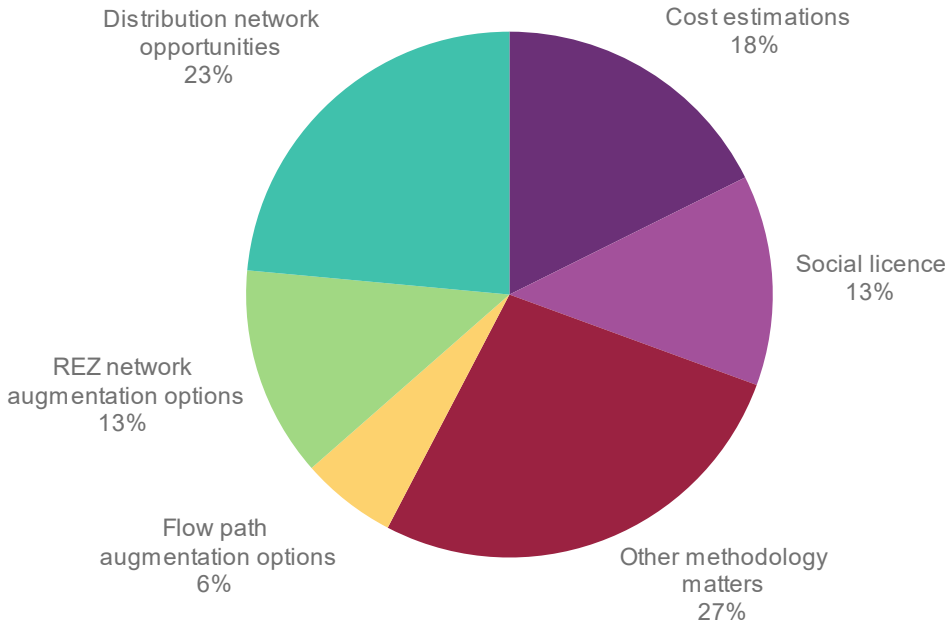
Stakeholder engagement included 40 written and verbal submissions. The material recommendations and AEMO's responses, including any amendments made in response to stakeholder feedback, are outlined in the consultation summary report[32].

Most of the submissions were enquiries on flow paths, REZ augmentations, social licence matters, transmission project cost estimates, the inclusion of distribution network opportunities, and other methodology matters.

The expansion options in the report fed into the Draft 2026 ISP.

The key themes and the volume of submissions that addressed each is summarised in **Figure 6**.

Figure 6 2025 *Electricity Network Options Report* key consultation submission themes (as % of frequency)



[31] At https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2025/2025-electricity-network-options-report/final/2025-electricity-network-options-report.pdf?rev=7fd2059752bd41eba55184df4e389e1e&sc_lang=en.

[32] At https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2025/2025-electricity-network-options-report/final/2025-electricity-network-options-report-consultation-summary-report.pdf?rev=9a6a68b1f7cd42c79fd924492d25a2aa&sc_lang=en.

2025 Gas Infrastructure Options Report

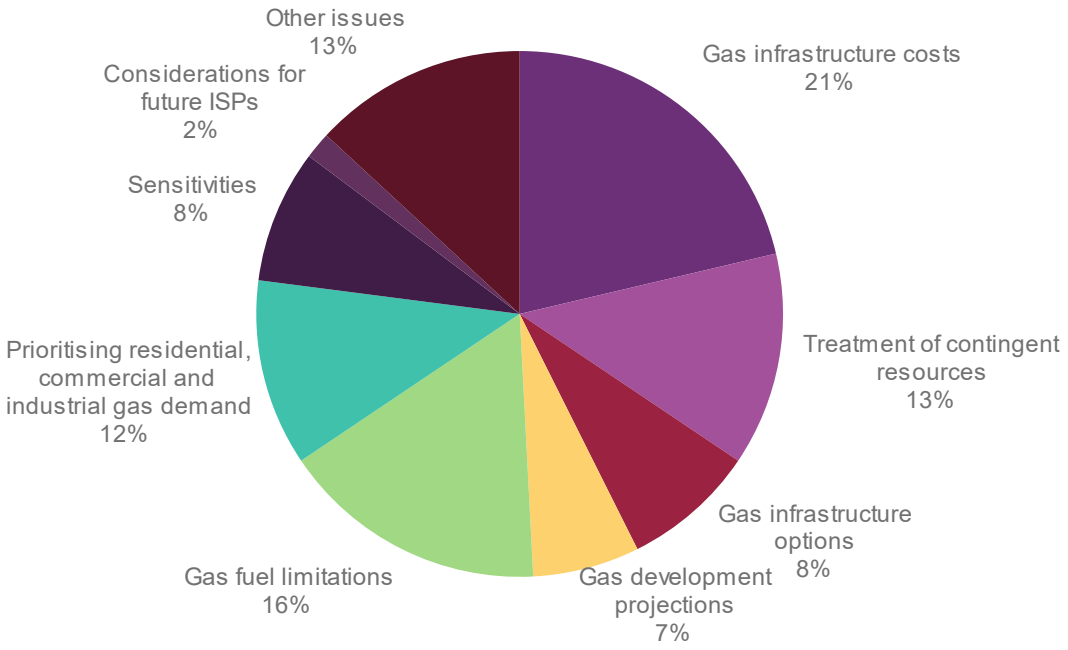
The 2025 *Gas Infrastructure Options Report* was developed in response to rule change requirements to enable the better integration of gas into the ISP[33], as required through the Federal Government's 2024 ISP Review[34].

The new report outlines gas infrastructure options and gas infrastructure cost components, used to develop gas development projections for the ISP. These gas development projections influence assumptions on gas availability for gas powered generation (GPG), which inform the ODP.

The 2025 *Gas Infrastructure Options Report*[35] was released on 31 July 2025, following consideration of 20 written submissions received during the Draft 2025 *Gas Infrastructure Options Report* consultation period in May and June 2025. The consultation questions broadly related to gas infrastructure costs, gas development projections, and application of gas development projections for fuel limitations in the ISP.

Figure 7 summarises the key themes and the volume of submissions that addressed each of them. For more information into the stakeholder feedback themes, see the consultation summary report[36].

Figure 7 2025 *Gas Infrastructure Options Report* key consultation submission themes (as % of frequency)



[33] At https://www.aemc.gov.au/rule-changes/better-integration-gas-and-community-sentiment-isp-0.

[34] At https://www.energy.gov.au/sites/default/files/2024-04/ecmc-response-to-isp-review.pdf.

[35] At https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2025/2025-gas-infrastructure-options-report/submissions/apa.pdf?la=en.

[36] At https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2025/2025-gas-infrastructure-options-report/final/2025-gas-infrastructure-options-report-consultation-summary-report.pdf?rev=be3bc9548b114fd1a4a4e141760f59fa&sc_lang=en.

A1.4.3 2026 ISP Consumer Panel's report on the 2025 IASR

The 2026 ISP Consumer Panel provided AEMO its report[37] on the 2025 IASR on 1 October 2025, as required under the NER[38]. The key elements of the Panel's conclusions and recommendations are summarised below.

The Panel's report made 28 recommendations across 13 categories, outlined in **Table 7**. These included considerations for the 2026 ISP and implications for the 2028 ISP. The Panel also acknowledged the difficulty and complexity of understanding and mitigating risks associated with the development of the ISP, noting that AEMO will need to continue to consider new ways of forecasting and engaging on the future of the power system and how the energy transition will occur. AEMO will work with the ISP Consumer Panel on further consideration of these recommendations (and implementation of recommendations accepted by AEMO) and where possible AEMO has incorporated Panel feedback in this 2026 ISP cycle.

[37] At https://aemo.com.au/-/media/files/major-publications/isp/2023/isp-consumer-panel-report-on-2023-iasr.pdf.

[38] NER 5.22.7(d)

Table 7 2026 ISP Consumer Panel IASR report recommendations

Theme	Recommendation	AEMO response
Language	That AEMO changes their use of the word "firming" and adopt the NEM review panel term "shaping" instead in the narrative such as the tag-line for the 2026 ISP.	AEMO acknowledges that the independent panel undertaking a review of the NEM wholesale market settings[39] has chosen to define both 'shaping' and 'firming' when explaining the need to 'move' electricity across different time periods ('shaping' within the short term, and 'firming' for over a longer duration). However, AEMO has decided not to add these new terms into the ISP reporting. There are a range of references to these kind of services, and for now AEMO will retain its existing wording to keep continuity with previous ISP documentation.
Policy	A workshop involving AEMO, DCCEEW (the Federal Department of Climate Change, Energy, the Environment and Water) and the Panel be convened to explore the role of policy and policy intentions, in the ISP, before 2026 ISP is finalised. Given the significance of very recent policy developments, to the extent possible, AEMO update the Draft 2026 ISP with the recent budgeted changes in Queensland energy policy, the VTP information and the 2035 declared emissions targets from the Federal Government.	AEMO will continue to engage with jurisdictions in relation to inclusion of policy in the ISP. AEMO was able to incorporate some but not all of the policy changes announced in the NEM after the 31 July 2025 completion of the 2025 IASR, as follows: • AEMO has considered and incorporated changes announced in the October 2025 Queensland Government's Energy Roadmap, and may introduce amendments between the draft and final ISP if required. • AEMO has considered and incorporated further information around the SA Firm Energy Reliability Mechanism. • The 2025 Victorian Transmission Plan was reflected in an August 2025 update to AEMO's 2025 *Electricity Network Options Report* and the relevant changes have been reflected in the Draft 2026 ISP accordingly, and • AEMO has also considered the 2035 declared emissions reduction targets from the Federal Government in the Draft 2026 ISP by implementing adjusted targets in all three scenarios which fall within the announced economy-wide targets. AEMO will continue to assess the targets and implementation in the electricity sector, and may introduce changes between draft and final ISP accordingly through consultation with the Federal Government.
Scenario weighting	AEMO clearly explain the reasons for the changes in its approach and the methodology it has adopted to underpin any weighting of each scenario based on the assessment of the parameter values set out in each scenario. AEMO also explains its reasons for the significant change it has made in the approach to scenario weighting and how it proposes to use the scenario workshop data to support the weighting of the scenarios in the selection of the CDPs and ODP in line with the CBA Guideline (AER *Cost Benefit Analysis Guidelines*) directions.	AEMO has published a clear explanation of the methodology for the scenario weighting approach for the 2026 ISP (see Section A1.4.2 of this appendix and the overview[40]). AEMO also communicated this directly to stakeholders following the session when preliminary results were shared.

[39] https://www.dcceew.gov.au/energy/markets/nem-wms-review.

[40] At https://www.aemo.com.au/-/media/files/major-publications/isp/2026/2026-isp-scenario-weighting-overview.pdf?rev=4dae70ae407241f68e19e768a4ce2a14&sc_lang=en.

Theme	Recommendation	AEMO response
Sensitivities	Recommendations on the role of sensitivities: • AEMO focus on testing the ISP using sensitivities that are likely to have the greatest impact on outcomes for consumers, including the future costs and benefits to consumers and the sustainability and reliability of the NEM system. • In addition to the list of potential sensitivities set out in the IASR, AEMO include sensitivities on the costs of transmission expansion and distribution capacity enhancement in line with the risks currently associated with the costs (e.g., + or –50% for some transmission assets). • AEMO undertake testing of the more rapid displacement of natural gas generation by other firming and storage technologies including long-duration batteries.	AEMO has considered these recommendations for the Draft 2026 ISP as follows: • AEMO has prioritised the sensitivities relating to topics that must be considered in the ISP, for example the coal retirement schedule, gas development projections, and demand side factors. Additionally, AEMO has prioritised sensitivities that are most relevant to testing the value or robustness of the ODP, such as the *Constrained Delivery* sensitivity. • While AEMO sees value in undertaking additional sensitivities, AEMO also needs to balance the delivery of the well-considered ISP with its scope. For those sensitivities that are not modelled in the Draft 2026 ISP, AEMO will check if they can be considered for the final ISP. • AEMO has identified two actionable projects from the 2024 ISP as requiring additional analysis in the final 2026 ISP. Additional sensitivity analysis in the final 2026 ISP will help to determine whether these projects continue to optimise benefits for consumers. AEMO will prioritise sensitivities that are likely to have the greatest impact on outcomes for consumers.
Role of batteries	The Panel provided a series of recommendations related to the role of batteries: • That once the 2026 ISP cycle moves to the modelling phase, including when exploring the counterfactual, modelling and subsequent description will need to be overt about how the role of batteries is optimised. • Given the role that grid-scale batteries will play in in the future energy system, and the associated revenue streams that effect the investment case for batteries, it is crucial for the ISP to fully consider the costs and benefits of batteries. • The trade-offs between batteries, synchronous condensers and gas be more fully explored for the 2026 ISP.	AEMO has considered the role of batteries in the Draft 2026 ISP by modelling the energy system (including batteries as future infrastructure development options) consistent with the inputs and assumptions finalised through the 2025 IASR. While this includes consideration of the role of batteries in the wholesale electricity market, it does not extend to speculating on future policies or revenue streams beyond those already in place in the NEM. As described in AEMO's Transition Plan for System Security[41] and Engineering Roadmap publications, AEMO is working to improve the technical understanding of batteries' roles in the power system. This includes through the use of Transitional Services, such as current proposal to utilise batteries to manage Minimum System Load, evaluate IBR-based black start solutions, and assess whether grid-forming inverters (including connected to batteries) can provide fault current appropriate for the correct operation of protection relays.
Financial parameters	The Panel provided a series of recommendations related to financial parameters: • AEMO adopt a scenario-specific technology neutral discount rate as this better aligns with the individual scenario narratives and the CBA Guidelines' (AER *Cost Benefit Analysis Guidelines*) discretionary criteria for the discount rate to reflect the systematic risk of the expected cash flows across the different development paths while being technology neutral. • AEMO updates the economic and financial parameters in the analysis, such as risk-free interest rates and expected inflation for the calculation of both the WACCs and discount rates in the draft and final ISP.	AEMO has considered these recommendations for the Draft 2026 ISP as follows: • The selection of a technology-neutral discount rate is based on advice from Oxford Economics Australia, and aligns with Infrastructure Australia's use, which nominates that a 7% discount rate is appropriate for assessing cost and benefits of infrastructures in Australia. Consistent with Infrastructure Australia's approach, AEMO considers that variation of discount rates is better tested through sensitivity analysis rather than scenario modelling, however this has not been prioritised for the sensitivity analysis for the Draft 2026 ISP. • AEMO has extensively engaged with an expert who provided advice on the appropriate long-term WACCs and discount rates for use in the ISP, and publicly consulted on the values. AEMO believes that the long-term stability of these parameters is more important than reflecting any

[41] At https://www.aemo.com.au/energy-systems/major-publications/transition-plan-for-system-security-tpss.

Theme	Recommendation	AEMO response
	• AEMO reconsiders OEA's (Oxford Economics Australia's) approach to estimating the investment risks for some technology-specific WACCs (e.g, for offshore wind) by including consideration of potential government subsidies and off-take agreements. • AEMO reviews and explains why it uses a discount rate of 5% in the Electricity Network Options Report in its analysis of the LRMC (long run marginal cost) of additional distribution network capacity while adopting a 7% technology-neutral central discount rate in the IASR.	short-term volatility. Given that these values were finalised in July 2025, AEMO is therefore not seeking to update financial parameters for the 2026 ISP. • In regard to the impact of government policies on technology-specific WACC, AEMO considers that it is prudent to reflect the impact of current policy as well as policy uncertainty – which is reflected in the advice from Oxford Economics Australia. • AEMO agrees that the use of a discount rate of 5% in the Electricity Network Options Report for calculating an LRMC for additional distribution network capacity is an inconsistency with the rate used in the IASR, and will correct this inconsistency in future Electricity Network Options Reports. AEMO agrees that this needs to be adjusted in future Electricity Network Options Reports. It could not be fixed this time around however it had a very low impact on outcomes.
Social licence	The Panel provided a range of recommendations related to social licence: • Include recognition that AEMO's role extends to communication and awareness raising about the energy transition in public and through targeted stakeholder engagement and acknowledge this is broader than transmission planning. • Draft 2026 ISP to include discussion of community energy in mid-scale developments in the IASR and ISP, noting the significant project development potential at this scale and the wider potential value to community acceptance of the energy transition as a whole. • Continue to leverage sentiment insights from jurisdictions, research institutes, industry, civil society and transmission / network planners and project developers to inform social licence assumptions in the IASR about REZ resource limits, land-use limits and broader opportunities. • Identify savings in implementing ISP projects that accrue from social licence being established (eg.when done well, how much faster and cheaper can project delivery be?) As opposed to assuming social licence investment is always a cost.	AEMO has considered these recommendations for the Draft 2026 ISP as follows: • AEMO will continue to contribute to the public conversation on the energy transition by explaining its role, building awareness and understanding of the ISP, for example through its Energy Education course, external communications such as the podcast and the ISP fact sheet and ISP Toolkit. • AEMO has noted the rise in adoption of community batteries in the 2025 IASR, but has not included a full analysis of community energy. This is noted in Appendix A8. • AEMO will continue leveraging sentiment insights from multiple sources and joint planning sessions to inform decision-making, while keeping project data updated through public consultations and developer feedback. AEMO is on a journey to deepening its understanding of social licence beyond time and costs of projects and incorporating considerations into the ISP. AEMO will continue to work to better understand new and diverse perspectives, including both benefits and impacts of new energy infrastructure to consumers and communities, where appropriate within AEMO's role as the National Transmission Planner.
Demand side factors statement	• The modelling includes considerations of curtailment of CER as a variable in modelling. This will need to be carefully explained as some curtailment of CER is reflective of an efficient energy system. • That some DSF (demand-side factors) specific briefings and engagement with stakeholders and consumer groups be conducted as part of the engagement about the draft 2026 ISP.	The Demand Side Factors Statement, released for the first time as part of the Draft 2026 ISP in Appendix 9, includes careful discussion of the ability for distribution network investment to facilitate operation of CER, including opportunities for economic alleviation of curtailment of these assets. AEMO agrees with the Consumer Panel that eliminating curtailment should not be the objective, and is instead focusing on the efficient level of investment in distribution development opportunities (see Appendix A9). AEMO has engaged closely with DNSPs on Demand Side Factors and is also considering undertaking specific engagement with stakeholders and consumer groups on the Demand Side Factors statement, and needs to assess further the objectives of this engagement and opportunity for stakeholders to influence to ensure that any engagement is truly meaningful.

Theme	Recommendation	AEMO response
Improvements for the 2028 ISP	The Panel provided a range of recommendations for consideration beyond the 2026 ISP covering consumer engagement, behaviour considerations, reviews, multi sector modelling and the establishment of the 2028 ISP Consumer Panel: • AEMO and the 2026 ISP Consumer Panel explore further consumer engagement opportunities in the lead up to the 2028 ISP Consumer Panel being appointed. • That AEMO engage Behaviour Economics expertise early in the 2028 ISP process and give them the task of identifying potential behavioural data for application to the 2028 ISP and beyond. • The Panel encourage governments and Industry bodies to take care in a proliferation of shorter-term reviews of the ISP and in "piling on" evermore expectations or requirements for ISP's beyond 2026. Where reviews are conducted and further responsibilities are added, then there needs to be clear strategic focus and direct communication with consumers about why the changes are unequivocally in the interests of consumers. • There also needs for a longer-term plan for the ISP itself, as it transitions from a transmission focused plan to a broader whole of system plan. • That future IASR processes include a separate discussion about multi-sector modelling so that combined impact on the IASR is clearer for stakeholders and consumers. • That the 2028 ISP Consumer Panel be appointed in the first half of the 2026 calendar year so that they can actively engage in scenarios considerations.	AEMO has recorded these suggestions in this Appendix and will consider them alongside any suggestions for the 2028 ISP. The scope of improvements and inclusions in the 2028 ISP will be considered separately, including through consultation on the 2027 IASR and the AEMC review of the ISP to be completed by July 2027. AEMO agrees with the Panel proposal to appoint the 2028 ISP Consumer Panel in the first half of the 2026 calendar year as we did with the 2026 ISP Consumer Panel. AEMO may consider engaging consultants to assist with broadening its analysis and understanding of issues across the development of the ISP, including on consumer and community impacts.

AER transparency review of the 2025 IASR

The NER require the AER to complete a transparency review of the 2025 IASR, that assesses the adequacy of AEMO's explanation of how the inputs, assumptions and scenarios have been derived, how key inputs and assumptions have changed since the previous ISP, and whether key inputs and assumptions can be verified or otherwise adequately tested with stakeholders[42]. The AER published its transparency review on 28 August 2025[43].

The AER concluded that "the majority of AEMO's inputs and assumptions have been adequately explained and AEMO has demonstrated that it has considered stakeholder feedback". However, the AER also concluded that some inputs and assumptions require further explanation and strengthen stakeholder understanding of key inputs and assumptions in the 2026 ISP. AEMO must provide further explanation on these issues as an addendum to the IASR and consult on these issues in the Draft 2026 ISP. The transparency review provided feedback on the following three areas: improvements in transparency, outstanding issues in the IASR, and topics of focus for transparency in the Draft 2026 ISP.

Improvements in transparency

The AER review found that the 2025 IASR provided clearer explanations and improved accessibility compared to previous similar reports. The AER also noted the comprehensive consultation process that AEMO hosted during development of the 2025 IASR. Overall, the AER considered that AEMO's approach provides a high general level of transparency for the 2025 IASR. Improvements in transparency included:

- policy settings,
- technology-specific weighted average cost of capital,
- hydrogen production forecasts, and
- multisectoral modelling.

Outstanding issues in the IASR

The AER requested that further explanatory information be provided in the addendum on the following issues, and these are open for consultation:

- policies affecting consumer demand,
- data centre forecasts,
- off-grid hydrogen production,
- biomethane forecast,
- data from the Victorian transmission plan,
- community battery forecasts,
- electricity price elasticity, and
- hydrogen pipeline cost assumptions.

[42] NER 5.22.9.

[43] At https://www.aer.gov.au/publications/reports/performance/transparency-review-aemo-2025-inputs-assumptions-and-scenarios-report.

The NER require that AEMO provide further explanatory information in an addendum to the IASR and undertake consultation on these issues in the Draft ISP[44]. In response, AEMO produced an Addendum to the 2025 IASR and published it alongside the Draft 2026 ISP for consultation[45].

The Addendum provides further explanation in response to issues highlighted in the AER's Transparency Review, including:

- a description how each policy affecting consumer demand was incorporated in the modelling,
- a summary of the stakeholder engagement opportunities for AEMO's new data centre methodology,
- further explanation on the basis for the REZ-based hydrogen production proportions,
- further explanation on the change in biomethane forecasts,
- further explanation on where and how community batteries were included in the forecast,
- a correction for a specific price elasticity of demand, and
- further explanation on how hydrogen infrastructure costs were derived.

Topics of focus for transparency in the Draft 2026 ISP

The following are areas where the AER requested that AEMO should focus to support transparency in the Draft ISP but are not issues that require AEMO to provide further explanation in the IASR addendum.

- sensitivities,
- demand side factors, and
- scenario weightings.

In the Draft 2026 ISP, AEMO has included additional insights on:

- **Sensitivities** – sensitivities play an important role in scenario analysis to enable exploration of specific assumptions and uncertainties and potentially isolate their impact on planning outcomes. For the Draft 2026 ISP, the tested sensitivities were on constrained delivery of the ODP, variations on gas development projections, and the pace of coal closures. Additionally, the effect of demand-side factors was also tested by assessing the impact of reduced energy efficiency measures, and no further CER coordination.
  - AEMO recognises that additional sensitivity analysis may be used in finalisng the ISP, and has sought stakeholder feedback on what other sensitivities should be considered to further test the robustness of the proposed ODP, and what other sensitivities are relevant to testing robustness of investment decisions.
  - **Demand side factors –** in response to the Energy and Climate Change Ministerial Council's review of the ISP, AEMO has included in the Draft 2026 ISP an additional appendix, the Demand Side Factors statement (Appendix A9), which includes new information and insights regarding the potential for demand side factors to affect the efficient development of the power system and opportunities for the development of distribution networks. AEMO involved distribution network service providers (DNSPs) in developing an ISP modelling approach to reflect the existing capability of distribution networks to facilitate export of CER generation from consumers' homes and

[44] NER 5.22.9 (c).

[45] At https://www.aemo.com.au/consultations/current-and-closed-consultations/draft-2026-isp-consultation.

businesses into the grid. This work recognises that DNSPs will continue to invest to support demand growth in their networks which will naturally provide more export opportunities for much of the future growth in CER.

  - The new approach was complemented by sensitivity analysis specifically for the purpose of assessing the impact of demand side factors on the efficient development of the power system. For this first Draft 2026 ISP's Demand Side Factors statement, AEMO has focused on a subset of factors that influence power system needs and provide investment opportunities that may influence investment opportunities, including energy efficiency and CER.

- **Scenario weightings** – ahead of the publication of the Draft 2026 ISP (November 2025), AEMO released an overview[46] explaining its approach, stakeholder engagement, and final position for the scenario weightings for the three 2026 ISP scenarios (as described in Section A1.4.2 above). The overview recognises the important role that 25 expert stakeholders had in providing to AEMO insights of the likelihood of the key parameters that underpin AEMO's scenario framework.

A1.4.4 Continuous improvement

AEMO regularly evaluates how stakeholders are engaged, with the aim to continue to improve.

In July 2025, AEMO released the ISP Toolkit[47], which provides essential information about the ISP to help energy consumers and community advocates understand it more and learn how they can contribute to its development. This is just one of the ways in which AEMO is continually improving the accessibility of the ISP.

AEMO regularly seeks feedback on engagement and welcomes ideas on improvement for the future. The next formal feedback survey will be in early 2026 following engagement on the Draft 2026 ISP, however feedback is welcome at any time via email to isp@aemo.com.au.

Once again, AEMO thanks all stakeholders for their valuable contributions to the Draft 2026 ISP and previous engagement activities that have supported its development. AEMO looks forward to continuing to work with all stakeholders as the final 2026 ISP is developed over the next six months and released on 25 June 2026.

[46] At https://www.aemo.com.au/newsroom/news-updates/aemo-finalises-scenario-weightings-ahead-of-draft-2026-isp-release.

[47] At https://www.aemo.com.au/newsroom/news-updates/toolkit-released-to-support-stakeholder-understanding-and-engagement-in-the-isps-development.

Glossary

This glossary has been prepared as a quick guide to help readers understand some of the terms used in the ISP. Words and phrases defined in the National Electricity Rules (NER) have the meaning given to them in the NER. This glossary is not a substitute for consulting the NER, the AER's *Cost Benefit Analysis Guidelines*, or AEMO's *ISP Methodology*.

Term	Acronym	Explanation
Actionable ISP project	-	Actionable ISP projects optimise benefits for consumers if progressed before the next ISP. A transmission project (or non-network option) identified as part of the ODP and having a delivery date within an actionable window. For newly actionable ISP projects, the actionable window is two years, meaning it is within the window if the project is needed within two years of its earliest in-service date. The window is longer for projects that have previously been actionable. Project proponents are required to begin newly actionable ISP projects with the release of a final ISP, including commencing a RIT-T.
Actionable project progressing under a jurisdictional framework	-	A transmission project (or non-network option), other than an actionable ISP project, which optimises benefits for consumers if progressed before the next ISP, is identified as part of the ODP, and which will progress under a jurisdictional policy that AEMO considers under NER 5.22.3 (b) and includes in the ISP.
Anticipated project	-	A generation, storage or transmission project that is in the process of meeting at least three of the five commitment criteria (planning, construction, land, contracts, finance), in accordance with the AER's *Cost Benefit Analysis Guidelines*. Anticipated projects are included in all ISP scenarios.
Candidate development path	CDP	A collection of development paths which share a set of potential actionable projects. Within the collection, potential future ISP projects are allowed to vary across scenarios between the development paths. Candidate development paths have been shortlisted for selection as the ODP and are evaluated in detail to determine the ODP, in accordance with the *ISP Methodology*.
Capacity	-	The maximum rating of a generating or storage unit (or set of generating units), or transmission line, typically expressed in megawatts (MW). For example, a solar farm may have a nominal capacity of 400 MW.
Committed project	-	A generation, storage or transmission project that has fully met all five commitment criteria (planning, construction, land, contracts, finance), in accordance with the AER's Cost Benefit Analysis Guidelines. Committed projects are included in all ISP scenarios.
Consumer energy resources	CER	Generation or storage assets owned by consumers and installed behind-the-meter. These can include rooftop solar, batteries and electric vehicles (EVs). CER may include demand flexibility.
Consumption	-	The electrical energy used over a period of time (for example a day or year). This quantity is typically expressed in megawatt hours (MWh) or its multiples. Various definitions for consumption apply, depending on where it is measured. For example, underlying consumption means consumption being supplied by both CER and the electricity grid.
Cost-benefit analysis	CBA	A comparison of the quantified costs and benefits of a particular project (or suite of projects) in monetary terms. For the ISP, a cost-benefit analysis is conducted in accordance with the AER's *Cost Benefit Analysis Guidelines*.
Counterfactual development path	-	The counterfactual development path represents a future without major transmission augmentation. AEMO compares candidate development paths against the counterfactual to calculate the economic benefits of transmission.
Demand	-	The amount of electrical power consumed at a point in time. This quantity is typically expressed in megawatts (MW) or its multiples. Various definitions for demand, depending on where it is measured. For example, underlying demand means demand supplied by both CER and the electricity grid.
Demand-side participation	DSP	The capability of consumers to reduce their demand during periods of high wholesale electricity prices or when reliability issues emerge. This can occur through voluntarily reducing demand, or generating electricity.
Development path	DP	A set of projects (actionable projects, future projects and ISP development opportunities) in an ISP that together address power system needs.

Term	Acronym	Explanation
Dispatchable capacity	-	The total amount of generation that can be turned on or off, without being dependent on the weather. Dispatchable capacity is required to provide firming during periods of low variable renewable energy output in the NEM.
Distribution network service provider	DNSP	A business which owns, controls or operates a distribution system (including a distribution network).
Economic offloading	-	Refers to a generator being dispatched below its maximum availability, because some or all of its output was bid into price bands greater than the regional reference price. This may also be referred to as economic 'spill' or 'spilled energy' as generators reduce output due to low market prices or lack of available demand.
Firming	-	Grid-connected assets that can provide dispatchable capacity when variable renewable energy generation is limited by weather, for example storage (pumped-hydro and batteries) and gas-powered generation.
Future distribution project	-	A distribution project that is part of the ODP and forecast to be needed in the future. The project is an ISP development opportunity and does not address an identified need specified in the ISP. The ISP cannot make a distribution project 'actionable' or require commencement of the Regulatory Investment Test for Distribution (RIT-D).
Future ISP project	-	A transmission project (or non-network option) that addresses an identified need in the ISP, that is part of the ODP, and is forecast to be actionable in the future.
Identified need	-	The objective a TNSP seeks to achieve by investing in the network in accordance with the NER or an ISP. In the context of the ISP, the identified need is the reason an investment in the network is required, and may be met by either a network or a non-network option.
ISP development opportunity	-	A development identified in the ISP that does not relate to a transmission project (or non-network option) and may include generation, storage, demand-side participation, or other developments such as distribution network projects.
National Electricity Rules	NER	The Rules are legally binding rules made under the National Electricity Law, which govern the operation of the National Electricity Market and the ways in which AEMO manages power system security. The Rules also provide the regulatory framework for network connections and access, national transmission planning and pricing for network services. The Rules are mainly made by the AEMC having regard to the National Electricity Objective.
Net market benefits	-	The present value of total market benefits associated with a project (or a group of projects), less its total cost, calculated in accordance with the AER's Cost Benefit Analysis Guidelines.
Non-network option	-	A means by which an identified need can be fully or partly addressed, that is not a network option. A network option means a solution such as transmission lines or substations which are undertaken by a network service provider using regulated expenditure.
Optimal development path	ODP	The development path identified in the ISP as optimal and robust to future states of the world. The ODP contains actionable projects, future ISP projects and ISP development opportunities, and optimises costs and benefits of various options across a range of future ISP scenarios.
Regulatory Investment Test for Transmission	RIT-T	The RIT-T is a cost benefit analysis test that TNSPs must apply to prescribed regulated investments in their network. The purpose of the RIT-T is to identify the credible network or non-network options to address the identified network need that maximise net market benefits to the NEM. RIT-Ts are required for some but not all transmission investments.
Reliable (power system)	-	The ability of the power system to supply adequate power to satisfy consumer demand, allowing for credible generation and transmission network contingencies.
Renewable energy	-	For the purposes of the ISP, the following technologies are referred to under the grouping of renewable energy: "solar, wind, biomass, hydro, and hydrogen turbines". Variable renewable energy is a subset of this group, explained below.
Renewable energy zone	REZ	An area identified in the ISP as high-quality resource areas where clusters of large-scale renewable energy projects can be developed using economies of scale.
Renewable drought	-	A prolonged period of very low levels of variable renewable output, typically associated with dark and still conditions that limit production from both solar and wind generators.
Rooftop and other small-scale solar	-	Solar photovoltaic (PV) generation assets that are not centrally controlled by AEMO dispatch. Examples include residential and business rooftop PV as well as larger commercial or industrial "non-scheduled" PV systems.

Term	Acronym	Explanation
Scenario	-	A possible future of how the NEM may develop to meet a set of conditions that influence consumer demand, economic activity, decarbonisation, and other parameters. For the Draft 2026 ISP, AEMO has considered three scenarios: *Slower Growth*, *Step Change* and *Accelerated Transition*.
Secure (power system)	-	The system is secure if it is operating within defined technical limits and is able to be returned to within those limits after a major power system element is disconnected (such as a generator or a major transmission network element).
Sensitivity analysis	-	Analysis undertaken to determine how modelling outcomes change if an input assumption (or a collection of related input assumptions) is changed.
Spilled energy	-	Energy from variable renewable energy resources that could be generated but is unable to be delivered. Transmission curtailment results in spilled energy when generation is constrained due to operational limits, and economic spill occurs when generation reduces output due to market price. This can also be referred to as 'economic offloading'.
Transmission network service provider	TNSP	A business that owns, controls or operates a transmission network.
Utility-scale or utility		For the purposes of the ISP, 'utility-scale' and 'utility' refers to technologies connected to the high-voltage power system rather than behind the meter at a business or residence.
Value of greenhouse gas emissions reduction	VER	The VER estimates the value (dollar per tonne) of avoided greenhouse gas emissions. The VER is calculated consistent with the method agreed to by Australia's Energy Ministers in February 2024.
Virtual power plant	VPP	An aggregation of resources coordinated to deliver services for power system operations and electricity markets. For the ISP, VPPs enable coordinated control of consumer-scale batteries.
Variable renewable energy	VRE	Renewable resources whose generation output can vary greatly in short time periods due to changing weather conditions, such as solar and wind.