AEMO
AUSTRALIAN ENERGY MARKET OPERATOR

Appendix 8. Social licence

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 8 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 publishes the 2026 ISP pursuant to its functions under section 49(2) of the National Electricity Law (which defines AEMO's functions as National Transmission Planner) and its supporting functions under the National Electricity Rules. This publication is generally based on information available to AEMO as at 1 December 2025 unless otherwise indicated.

Disclaimer

AEMO has made reasonable efforts to ensure the quality of the information in this publication but cannot guarantee that information, forecasts and assumptions are accurate, complete or appropriate for your circumstances.

Modelling work performed as part of preparing this publication inherently requires assumptions about future behaviours and market interactions, which may result in forecasts that deviate from future conditions. There will usually be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

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Version control

Version	Release date	Changes
1	10/12/2026	First release

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AEMO's *Integrated System Plan* (ISP) is a roadmap for the NEM's transition, and outlines an optimal development path (ODP) of generation, storage, and network investments required 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.

Building social licence is crucial to the success of this transition. It underpins the development of new infrastructure, the coordination of CER, and broader public support for national investment in the transition. It involves the ability of project developers, planners, governments, organisations and other involved groups to individually and collectively build and maintain trust and social acceptance with the people most affected by the impacts, opportunities and challenges it brings. Social licence is difficult to measure; it can be shaped by people's core values, views and experiences; it can shift and evolve over time in response to events, and is unique within and across different groups of people and communities. Community acceptance towards the energy transition can be varied and complex.

At the same time, consumers, both households and businesses, are participating in the energy transition through increasing their own investments in rooftop solar, batteries, electric vehicles (Evs) and energy efficiency. The energy industry, including market bodies, governments, investors and organisations, will need to consider how to facilitate, incentivise, and enable consumer participation, agency and investment in the energy transition, while ensuring energy equity and managing competing demands and risks.

Given that the ISP focuses on broad planning considerations, AEMO's incorporation of social licence matters is necessarily at a high level, with the responsibility to engage with local communities sitting with relevant jurisdictional planning bodies and project developers. However, AEMO is acutely aware of how the ISP can impact the ability of these planning bodies and developers to build and maintain social licence, particularly when the modelled benefits of projects well advanced in development change, and the potential impacts of decisions on the ODP on communities.

AEMO acknowledges that social licence and consumer agency is an area of continued learning and development for the organisation. AEMO is actively working with key stakeholders (including the ISP Consumer Panel and the Consumer and Community Reference Group, consumer and community groups, and agencies) to improve its understanding of the social, cultural, economic and other impacts, opportunities and challenges that the energy transition affords for local and national communities.

As part of the two-year development process for the 2026 ISP, AEMO has sought to deepen its social licence considerations where possible from 2024. This appendix outlines how:

- **Social licence is considered at a high level in the Draft 2026 ISP.** AEMO's role is to plan the future of the energy system at a national level. As the ISP focuses on broad planning considerations, its incorporation of social licence matters is necessarily at a high level, with the responsibility to engage with local communities sitting with relevant jurisdictional planning bodies and project developers. AEMO's consideration of social licence is also focused on utility-scale infrastructure (see Section 1.2.1 on Guiding Principles). AEMO has applied social licence considerations, stakeholder feedback, and community sentiment insights into its considerations on scenarios, early network options planning, updating of the Transmission Cost Database, demand side modelling and the location and use limits of renewable energy zones (REZs). It has also applied social licence considerations in seeking ongoing analysis and stakeholder

engagement to build a high degree of confidence around results before determining whether a project optimises benefits for consumers, or not.

- **Social licence is critical for new energy infrastructure development**. The energy transition requires significant new infrastructure if secure and reliable electricity is to be delivered to consumers at least cost while meeting government policies. AEMO recognises this essential infrastructure can have real and lasting impacts on landowners, communities, and the environment. Organisations seeking to build and maintain social licence should prioritise trust, genuine listening to communities, and deliver overall, long-standing positive impact in their community benefit schemes.

In the 2024 ISP, AEMO included a social licence sensitivity analysis to model the potential impacts of low social licence on transmission project delays, transmission project costs, and REZ generation costs. There were some overlaps and similarities with the *Constrained Delivery* sensitivity which varied project lead times and the cost of generation and storage. Given that the Draft 2026 ISP now incorporates broader consideration of social licence factors and the *Constrained Delivery* sensitivity has been included for 2026, AEMO has not repeated the 'social licence' sensitivity analysis in the Draft 2026 ISP.

Consultation questions

1. Recognising AEMO's roles and responsibilities in relation to social licence, are there some further practical ways in which AEMO could better consider social licence in the development and delivery of the ISP?

AEMO's ISP Information Toolkit

AEMO published an information toolkit in June 2025 that aims to build understanding of the ISP and highlight opportunities for engagement. This toolkit is on AEMO's website at https://www.aemo.com.au/-/media/files/major-publications/isp/2025/isp-toolkit.pdf.

A8.1 Social licence overview

Introduction

Social licence is the ongoing trust, acceptance, and support that communities and consumers give to organisations, projects, or changes that affect them. In the energy transition, it means ensuring that those most impacted by new transmission lines, REZs, or changes in how energy is used are heard, respected, and able to share in the benefits of these changes.

AEMO acknowledges that the energy transition is only made possible by the combined and concerted efforts of people and communities. Social licence is not a box to be ticked; it is built through genuine engagement, transparency, and a willingness to adapt.

In the Draft 2026 ISP, AEMO has considered two aspects of social licence:

- social acceptance for the broader energy transition, and
- local community acceptance of new energy infrastructure development.

Definition of 'community sentiment'

'Community sentiment' is referenced in the Energy and Climate Ministerial Council's (ECMC)'s ISP Review recommendations in relation to social licence in energy planning. Appreciating that community sentiment can be varied and change over time, and include both positive and negative attitudes, AEMO has defined 'community sentiment' to be the level of community acceptance or positivity towards the energy transition or energy infrastructure.

AEMO continues to work with key stakeholders to improve its understanding of the social, cultural, economic and other impacts, opportunities and challenges that the energy transition affords for local, regional and national communities.

How social licence is considered in the Draft 2026 ISP

AEMO's role is to manage the day-to-day operation of Australia's energy systems and markets, as well as to plan the future of the NEM at a national level. While AEMO does not build or own energy assets, it works with governments, industry, consumer and community representatives, academics, and many other groups to ensure that social licence considerations are reflected in its modelling and advice. That said, as the ISP focuses on broad planning considerations, its incorporation of social licence matters is necessarily at a high level. Much of the responsibility to understand and engage with local communities sits with relevant jurisdictional planning bodies and project developers.

While some aspects of social licence have directly informed the development of the Draft 2026 ISP, other aspects which are harder to quantify or integrate into modelling and analysis are noted in this appendix to indicate work underway across the industry. **Table 1** below shows specific examples of how AEMO has applied social licence considerations, stakeholder feedback, and community sentiment insights from joint planning sessions with jurisdictional bodies and network businesses into the Draft 2026 ISP.

Table 1 Social licence considerations

Consideration	Application in the Draft 2026 ISP
Early network options planning • Estimation of conceptual easement lengths that avoid the most complex land areas, using publicly available data. • Selection of transmission augmentation options through collaboration and joint planning with TNSPs, jurisdictional bodies and other stakeholders.	• AEMO has engaged with environmental and governance experts, planning officials, network project developers, and members of its ISP Consumer Panel and Consumer and Community Reference Group on its approach to incorporating social licence in its planning. AEMO, transmission network service providers (TNSPs) and jurisdictional bodies held a series of workshops between November 2024 and February 2025 to discuss how to further incorporate social licence into the transmission options prepared for the ISP. The workshops provided an avenue to discuss existing network designs, new generation areas, and economic and technical requirements. They also explored how community sentiment is currently and could be further considered in conceptual project options. • Joint planning advice can impact on project scope, cost, build times, and feasibility. As part of preparing transmission augmentation options for the ISP, AEMO considered advice on projects that can make use of existing easements, uprating of existing transmission elements, and existing network capacity that may be freed up as existing generation exits the market. AEMO also acknowledges the need for community engagement as part of any development, and a time allowance is included for this in the assumed 'lead time' for a transmission augmentation. • AEMO engaged consultancy firm Jacobs to refresh its land use data inputs from 2019, as well as to introduce additional localised and available social, environmental, First Nations and agricultural considerations where possible. Further analysis of land use criteria was undertaken to provide greater differentiation, distinguish agricultural land types that are less compatible with hosting transmission, expand the geotechnical considerations for transmission infrastructure, and implement a new approach for identifying residential areas. Scoring criteria were applied to land areas based on overall 'complexity' of use, resulting in more granular and detailed possible project routes and options. However, this was not a proxy for social licence or sentiment for localised projects. All datasets were published alongside the 2025 *Electricity Network Options Report*[A]. • AEMO recognises that increases in costs for electricity transmission network development can impact bills for electricity consumers. The Transmission Cost Database was updated[B] this year to reflect cost increases due to supply chain pressures, market competition, project complexity, additional contracting costs, scope revision as more detailed assessments are completed, land price, and to factor in more time for community engagement and feedback. • Additional costs have been included in network options to represent the potential need to change proposed transmission line routes to avoid traversing unsuitable landscapes or particularly 'complex' areas (such as national parks, agricultural and culturally significant land), signalling potential realignment of transmission lines to less complex areas. For example, analysis and advice from joint planning sessions informed some options for the Queensland – New South Wales Interconnector (QNI) Upgrade. • Due to the need to avoid particularly complex areas, some early option transmission routes were lengthened by up to 20% from their straight-line estimate. These routes remain early options based on desktop analysis, and require validation by jurisdictional planners and TNSP-led on-the-ground based on community engagement, as well as other regulatory and planning tests and permissions. Where possible, the early electricity network options, with greater granularity on potential route, costs, and project times, were incorporated into the modelling of the ODP. • AEMO also recognises the important role that distribution network service providers (DNSPs) play in the transition, including through hosting and facilitating the benefits of consumer energy resources. Deeper consideration of the role and investment needed in distribution networks is outlined in the 2025 *Electricity Network Options Report* and Appendix A9 *Demand Side Factors Statement*.
REZs – identification and location • Selection of locations for potential REZs through consultation. • Consideration of the input and feedback from external stakeholders (for example, from governments, jurisdictional planners, and from	• Through the identification of candidate REZs, AEMO considers both the boundaries and development limits to reduce community impact and has overlaid the candidate REZs over geographical information on Aboriginal and Torres Strait Islander title to provide additional information to TNSPs and governments about Indigenous land interests and enable early engagement. The selection of candidate REZs and their indicative location and boundaries are consulted on through each *Inputs, Assumptions and Scenarios Report* (IASR) and ISP cycle.

Consideration	Application in the Draft 2026 ISP
targeted engagement and the public consultation process.)	• Upon advice given to AEMO in joint planning sessions, AEMO has reconsidered the potential size and locations of candidate and hypothetical REZ options such as a new REZ (South Cobar) in New South Wales, and Extension of Mid-North and Northern South Australia to be located further out from complex land use areas, as noted as part of the Release Areas defined by the South Australian Government.
REZs – resource limits and land use limits • Use of land use limits and resource limits in modelling.	• REZ resource limits are set out in the ISP to estimate resources available for renewable energy developments. This availability is determined by existing land use (for example, agriculture) and environmental and cultural considerations (such as national parks), as well as the quality of wind or solar irradiance, and typical land use requirements for renewable energy generation. AEMO adjusts REZ resource limits when the boundary of a REZ changes or when credible evidence becomes available. AEMO also sets a land use limit for each REZ for the amount of land that could be assumed to be used for renewable energy within a REZ. • Data on land use and resource limits on REZs is continually updated and fed back to AEMO by project planners and jurisdictional bodies throughout the planning cycle. AEMO updated its data on New South Wales REZs (New England and Central-West Orana) following community consultation by EnergyCo, split up the Darling Downs REZ into three different potential locations in Queensland, and considered changes to REZs in Victoria, New South Wales and Tasmania following consultation by the Federal Government, and other REZ and transmission line route options for Victoria – New South Wales Interconnector West (VNI West) following public consultation by the Victorian Government.

A. The 2025 *Electricity Network Options Report* was published in May 2025, with a revised version published in August 2025. See https://www.aemo.com.au/consultations/current-and-closed-consultations/2025-electricity-network-options-report-consultation.
B. AEMO engaged consultancy firm GHD to update the Transmission Cost Database which is used by AEMO to prepare cost estimates for conceptual future ISP projects. Further information is available in the GHD report published alongside the 2025 *Electricity Network Options Report*.

Further information can be found in this Draft 2026 ISP:

- Appendix A1. Stakeholder Engagement,
- Appendix A3. Renewable Energy Zones, and
- Appendix A6. Cost Benefit Analysis.

A8.1.1 Social licence and the energy transition

Guiding principles for AEMO's consideration of social licence in the ISP

In developing the ISP, AEMO has outlined some high-level guiding principles for its consideration of social licence:

- **Utility-scale infrastructure focus** – while the 2026 ISP has broadened its consideration of distribution-connected resources and explored the impact of demand-side factors, it continues to find that both utility-scale investments and CER will be needed to replace coal and meet both consumer and government policy needs.
- **A generalised focus** – given that the ISP focuses on broad planning considerations, AEMO can only consider social licence at a high level across the NEM and is limited to the early stages of the planning cycle. Much of the responsibility to understand and engage with local communities sits with relevant jurisdictional planning bodies and project developers.
- **Increasing understanding of impact** – AEMO acknowledges that social licence is still an area of learning and development for the organisation, and recognises the opportunity to further consider some of the key challenges, opportunities and benefits the energy transition presents in its work. AEMO is working with stakeholders (including its ISP Consumer Panel and the Consumer and Community Reference Group, consumer and community groups, and agencies) to better understand both the impacts and benefits of new energy infrastructure, and to broaden its understanding of social licence matters.

However, as a complex and largely qualitative matter, there are many drivers of social licence that are difficult to account for in the ISP. Social licence is closely linked to varying community priorities, values, and experiences and is underpinned by transparent community engagement. The table below outlines some social licence considerations (non-exhaustive) that can influence social licence, but are not accounted for by AEMO in the ISP.

Table 2 Examples of drivers that can influence social licence but have not been directly considered in the ISP

Driver type	Examples
Environmental values	• People's perceptions of potential impacts of new energy infrastructure to local biodiversity, biosecurity, Indigenous heritage, sites of local and community significance, and the visual landscape. • People's perceptions of potential developmental impacts on their sense of place and community, wellbeing, culture, ways of living, and connection to Country. • Differing perceptions on the scale of policy ambition and timeline to achieve net-zero. • Consumer agency to adopt CER for climate mitigation.
Economic values	• People's perceptions of the potential impacts (positive or negative) to their households, livelihoods and ability to carry out business, local economies, and the equitable distribution of associated benefits within and across communities. • Rising costs of living and energy hardship impacting on energy affordability. • People's adoption of CER as an investment in their own definition of energy security.
Social and cultural values	• People's understanding and acceptance of the need, costs and impact of new infrastructure development, their roles within this, and feeling that their voices, preferences and concerns are being considered and acted on. • Differing experiences and definitions of energy reliability, especially network disruptions in some areas of Australia. • Recognition of Aboriginal and Torres Strait Islander sites of cultural importance (see section 2.1.1). • Community expectations and experiences of transparency, communication, and quality of engagement by governments, jurisdictional bodies, planners and project developers. • Perspectives that regional Australia are bearing the impacts of new infrastructure but with disproportionately lower benefits compared to metropolitan regions. • Access to CER may be limited for some households and renters.

Community sentiment towards the energy transition

AEMO recognises the diverse range of views and experiences of households, businesses and communities across Australia in the energy transition. Stakeholders have reflected to AEMO the need to consider community sentiment across metropolitan, regional, peri-urban and rural areas, and to listen to the perspectives of communities hosting infrastructure.

In addition to stakeholder insights, AEMO considers a range of publicly available literature on community sentiment and attitudes towards the energy transition. A non-exhaustive list of these reports, summarised in **Table 3** below, shows that community sentiment towards the energy transition is varied and complex. While the datasets were ultimately unable to be applied to AEMO's modelling, these insights are a useful barometer for AEMO, jurisdictional planning bodies, and project developers to bear in mind when engaging with community and stakeholders.

Insights show that support for the energy transition is generally strong (between 47% and 66% across various reports; see rows 1, 3 and 4 in **Table 3**), particularly when the benefits are clearly communicated. However, there is often limited understanding of the scale and nature of large infrastructure projects, and the energy transition in general. This suggests the need for early and genuine consultation by project developers with impacted communities to build trust and address concerns, as well as broader education by various parties (such as governments) around the importance of the energy transition.

Affordability concerns may also impact social support of the energy transition. Many consumers are concerned about rising energy costs, with KPMG reporting in March 2025 that 51% of Australians are struggling to pay their energy bills (see **Table 3**), and Energy Consumers Australia reporting in June 2025 that one in five households are vulnerable to or experiencing energy hardship[1]. Cost-of-living pressures consistently rank at or near the top of national priorities in SEC Newgate's quarterly 'Mood of the Nation' reports (see **Table 3**), while other energy related issues – such as acting decisively on climate change and transitioning to renewables – remain much lower.

AEMO understands that many factors influence the final energy bills that consumers receive. In the context of the ISP, AEMO considers affordability by applying a high-level cost-benefit analysis as outlined in the *ISP Methodology*[2], promoting efficient investment and operation. This approach aims to ensure the ODP delivers a least-cost pathway for the energy transition in the long-term interest of the consumers. Achieving this outcome requires continued coordinated action from governments, industry and market bodies to help keep costs manageable for consumers in the short and medium term, while also managing system costs responsibly in the longer term.

Table 3 Summary of key findings from publicly available research on community sentiment towards the energy transition

Report	Key findings relating to sentiment on energy or energy infrastructure
Australian Energy Infrastructure Commission (AEIC) Annual Report • Released annually, most recent report July 2025 https://www.aeic.gov.au/publications/2024-annual-report	• In 2024, the AEIC Office logged 152 new cases – their third busiest year on record behind 2020 and 2021 - with 66% of complaints related to wind farms, 12% related to solar farms, 11% related to transmission projects, and 2% related to energy storage. The two years with more new cases, 2020 and 2021, coincided with the emergence of community

[1] From ECA's Consumer Energy Report Card: Understanding and measuring energy hardship in Australia, at https://energyconsumersaustralia.com.au/our-work/surveys/consumer-energy-report-card-understanding-measuring-energy-hardship-australia.

[2] The methodology for the 2026 ISP, which was published in June 2025, is at https://www.aemo.com.au/energy-systems/major-publications/integrated-system-plan-isp/2026-integrated-system-plan-isp/isp-methodology.

Report	Key findings relating to sentiment on energy or energy infrastructure
	concerns with new large-scale transmission projects and when these were added to the AEIC's scope. • Complaints about renewable projects and transmission lines are generally complex, with several systemic issues identified. The four most common concerns raised were community engagement (46%), safety (33%), natural environment (32%), and amenity (31%). • Most complaints were about proposed rather than operating projects.
AEIC, Community Engagement Review • Released February 2024 https://www.aeic.gov.au/news-media/news/community-engagement-review-report	• Main recommendations included the need to improve the quality of community engagement and ensure it is meaningful, reducing unnecessary engagement through better site selection, assessment and planning processes, selecting only reputable developers and motivating them to achieve best practice, and the need to improve community understanding and acceptance of the transition through clear information, appropriate governance, and sustainable benefit sharing.
CSIRO, Australian attitudes to the energy transition research • Released April 2024 • Over 6,700 participants https://www.csiro.au/en/research/environmental-impacts/decarbonisation/energy-transition	• More than 80% of Australians would tolerate living within 10 kilometres of solar or wind farms. • However, this fell to 77% for transmission lines, with the main concerns being reduced visual attractiveness of local landscapes and devalued property.
CSIRO's *Exploring community acceptance of rural wind farms in Australia: A snapshot*. Hall, N., Ashworth, P., & Shaw, H. • Released 2012 • The research employed a range of methods, including a literature and information review, a media analysis of newspaper articles, case studies, and semi-structured qualitative interviews with a range of stakeholders associated with wind farms. https://www.parliament.wa.gov.au/intranet/libpages.nsf/WebFiles/Hot+topics+-+rural+wind+farms/$FILE/Rural+wind+farms.pdf	• This research provides a snapshot of community acceptance levels regarding Australian wind farms from a variety of stakeholder perspectives. • The most cited reasons for rejecting wind farms were landscape change and visual amenity impacts, noise impacts, and poor consultation. The most cited reasons for supporting rural wind farms were as a means to take action against human-induced climate change, reduce greenhouse gas emissions and support job creation.
Energy Consumers Australia, Consumer Energy Report Card: Understanding and measuring energy hardship in Australia • Published June 2025 • Survey of over 4,100 people https://energyconsumersaustralia.com.au/our-work/surveys/consumer-energy-report-card-understanding-measuring-energy-hardship-australia	• This research found that nearly one in five Australian households (19%) are vulnerable to, or experiencing, energy hardship. • The survey asks participants to indicate whether they spend more than 6% of income on energy bills (11%), whether they find it difficult to pay energy bills (8%), and other indicators such as financial stress and turning off heating and cooling to save money (7%).
Energy Consumers Australia, Consumer Energy Report Card: Household Research Report • Published December 2025 • Survey of over 4,500 people https://energyconsumersaustralia.com.au/our-work/surveys/consumer-energy-report-card-data	• This research, which had many findings in relation to energy efficiency and CER, found that while 78% of owner-occupier homes have insulation, only 36% of rental properties have insulation. • Additionally, only 11% have rooftop solar compared with nearly half of homes owned outright. • On energy literacy, only 29% definitely know how their electricity bill is calculated. • On relationships, 58% want a basic relationship with the energy system (good price, reliability, service) versus 42% wanting an active relationship (tariff choice, real-time monitoring, CER/distributed energy resources (DER) optimisation).
KPMG, The Human Side of the Energy Transition • Released in 2024 and 2025, with datasets collected in 2022, 2023, and 2025	• From November 2022 and January 2025, between 63% and 66% of Australians supported the concept of the energy transition once informed. However, public understanding of the energy transition remained low. Between November

Report	Key findings relating to sentiment on energy or energy infrastructure
• The 2025 study had 1,012 participants, with an additional 303 surveyed who live in areas of energy infrastructure https://assets.kpmg.com/content/dam/kpmg/au/pdf/2025/human-side-of-energy-transition-2025.pdf	2022 and January 2025, only 17-27% of people reported at least some understanding. • 51% of Australians are struggling to pay their energy bills.
RE-Alliance and Essential Media, Talking renewables to the regions • Released July 2024 • 2,000 regional respondents in New South Wales, Victoria and Queensland • Stakeholder interviews and online focus groups https://essentialmedia.com.au/wp-content/uploads/2024/07/Talking-Renewables-to-the-Regions_170724.pdf	• While a clear majority (56%) supported the general idea of a transition to renewable energy, none among those surveyed felt well-informed about what the plan at either a regional or national level was. • The unifying theme was that the developments were being done to communities not with them. Respondents said there was a lack of agency and buy-in to the transition, and consultation was transactional and bureaucratic. There was deep distrust of energy companies and the government.
SEC Newgate, Mood of the Nation Report • Released quarterly, most recent update November 2025 • Tracking of 36 national priorities • At least 1,000 participants per survey https://secnewgate.net.au/mood-of-the-nation-november-2025-summary/	• Between June 2023 and November 2025, acting decisively on climate change and transitioning to renewables generally remained between priority #21 to #29 out of 36. • From June 2022 to November 2025, positivity towards the renewable transition ranged between a peak of 70% (in August 2022) and a low of 47% (in September 2024).

Consumer and community participation in the energy transition

Recognising that consumer agency, adoption of CER and participation are essential to and contribute to social acceptance of the energy transition, the Draft 2026 ISP includes in **Appendix A9** an analysis of demand-side factors including energy efficiency, CER and coordination[3], and their impact on the need for large-scale infrastructure.

CER are becoming increasingly central to system operation, and AEMO is taking steps to continue to encourage CER growth and ensure households and businesses can continue to have a meaningful impact on Australia's energy transition. The last decade has seen significant effort to support the transition to greater amounts of large-scale renewables, including improved performance standards and new operational approaches to maintain system security and reliability. A similar concerted effort is required to ensure CER are effectively integrated in a way that supports the secure and reliable delivery of electricity to all consumers now and into the future. Reforms under the National CER Roadmap[4] are important and progressing, including those that support visibility, predictability, standards, and participation in an increasingly two-sided system.

AEMO recognises that access to CER can present equity challenges across Australia, particularly for groups such as renters, apartment dwellers, those in embedded networks and lower-income households currently unable to access the full benefits. Governments, industry, market bodies like AEMO, and consumer advocates, must continue to actively work to ensure benefits are shared equitably, while creating an enabling environment to support CER growth. This includes through upgrading networks, implementing new coordination models, progressing market reforms, and supporting consumer-led initiatives such as community energy projects.

[3] CER coordination refers to the participation of consumer-, community- and business-owned batteries that can be operated as virtual power plants (VPPs).

[4] At https://www.energy.gov.au/energy-and-climate-change-ministerial-council/working-groups/electricity-working-group/consumer-energy-resources-sub-working-group/national-cer-roadmap.

AEMO, network service providers (NSPs) and market participants must work together to ensure the challenges and opportunities presented by integrating CER into a renewables-ready power system, at the world-leading rate experienced in Australia, are addressed.

As system operator, AEMO is responsible for ensuring the security and reliability of the power system while working within policy settings and the National Electricity Law and Rules. As renewable and inverter-based generation (from CER) increases, and as demand and market participation evolves, the challenge is ensuring new investments and system security solutions come online in time as coal units progressively go offline. If system security gaps are not met through planning and market operation, and if investments do not come online in time, the market interventions available to AEMO are limited and can result in significant costs and risks of major interruptions to power supply. Concerted effort is required to ensure CER are effectively integrated in a way that supports the secure and reliable delivery of electricity to all consumers now and into the future.

Feedback from stakeholders suggests that AEMO should be cognisant of the challenges facing consumers who have invested in the energy transition, that consumers naturally want to maximise the value of their investments and may perceive AEMO's system security measures such as enacting minimum system load management to be countering that goal. AEMO is not seeking to directly coordinate CER, but it recognises there is a need for relevant parts of the energy industry to engage with current and prospective CER owners on their rights, the steps they can take to maximise the value of their CER investments and to be rewarded adequately for their flexibility in allowing their batteries to be coordinated, and the potential limitations that may be applied to their CER investments at times if there is an oversupply of electricity on the power system. To that end, AEMO is participating in and contributing to the National CER Roadmap to create an enabling environment for the adoption of CER.

A8.2 Social licence for new energy infrastructure development

The energy transition requires significant new infrastructure to deliver reliable, electricity for all Australians at the least cost. With electricity consumption forecast to double by 2050 under the *Step Change* scenario, the NEM is forecast to need approximately 120 GW of utility-scale wind and solar, 40 GW of grid-scale storage and hydro, 14 GW of flexible gas-powered generation and an additional 6,000 km of transmission by 2050. Consumers will have invested in an estimated 87 GW of rooftop solar and 27 GW of household and commercial batteries over that period. To bridge forecast shortfalls in gas supply adequacy, new gas infrastructure (such as new gas supply, storage and/or pipelines) will be needed to support gas consumers, including gas-powered generators that will continue to play a key role in supporting the reliability and security of the NEM.

Understanding the impacts and opportunities

AEMO acknowledges that hosting new energy infrastructure can affect local people's livelihoods, heritage, nature, and community life. Building and sustaining social licence for infrastructure development requires organisations to engage genuinely with local communities, foster long-term trust-based relationships, understand and respect local concerns and intrinsic commitments, and deliver enduring benefits that extend beyond formal community benefit schemes. While there are often positive impacts, new infrastructure development can also present challenges. For some, new infrastructure brings disruption and uncertainty; as well as offering local economic benefits, community payments, diversification, and new jobs. For example, the 2024 ISP estimated that almost 30,000 jobs could be created across the NEM in the next 20 years to build the infrastructure and to maintain the energy system[5].

The ISP's role is to help guide 'efficient investment in, operation and use of, electricity services for the long-term interests of consumers of electricity' with respect to 'price, quality, safety, reliability and security' of supply, a reliable and secure electricity system and the achievement of emissions reduction targets[6]. The *ISP Methodology*[7] sets out the cost benefit analysis and modelling methodology to estimate 'net market benefits', or the total direct benefits to electricity consumers compared to project costs.

For the Draft 2026 ISP, these weighted net market benefits for the ODP are estimated at $24 billion. However, the ISP's analysis does not quantify broader impacts outside of those to the electricity market – for example, additional jobs creation, economic development, public infrastructure upgrades, community benefits, social wellbeing, or changes to farming, land use and value, housing, biodiversity, and disruption from construction works. AEMO is committed to better understanding these wider impacts and trade-offs, recognising that even the prospect of hosting infrastructure can create tensions within communities, and that genuine and transparent engagement is needed to build trust and acceptance.

[5] 2024 ISP at https://www.aemo.com.au/-/media/files/major-publications/isp/2024/2024-integrated-system-plan-isp.pdf?rev=b811f5d66df24e0a980ce0df8eaa5687&sc_lang=en (page 28).

[6] National Electricity Objective, National Electricity Law (NEL) section 7.

[7] The methodology for the 2026 ISP, which was published in June 2025, is at https://www.aemo.com.au/energy-systems/major-publications/integrated-system-plan-isp/2026-integrated-system-plan-isp/isp-methodology.

Incorporating social licence into planning

In response to the ECMC's 2024 ISP Review, AEMO has sought to deepen its considerations of social licence in early options network planning and development of the ODP. **Table 1** (in the Overview section A8.1) lists how AEMO has considered social licence in the 2026 ISP, including for transmission and REZ planning.

The actions listed in **Table 1** demonstrate how social licence considerations are visible and influential in AEMO's planning, even though many direct engagement activities are led by project developers, governments, and NSPs.

Aboriginal and Torres Strait Islander considerations

AEMO acknowledges the deep and ongoing connection of Aboriginal and Torres Strait Islander peoples to Country, and is making steps in its own reconciliation journey through its Reconciliation Action Plan[8].

It is vital that First Nations communities are consulted early, regularly and meaningfully, play a central role in energy infrastructure development decisions, and can also harness and benefit from the transition directly. Feedback from some First Nations stakeholders, including AEMO's Consumer and Community Reference Group, highlights that many groups and people are facing engagement fatigue from multiple consultations. While AEMO does not lead on-the-ground engagement with First Nations communities, it encourages project developers to identify the local Traditional Owners, prioritise respectful and sustained relationships, and recognise the unique rights and interests of First Nations people and Traditional Owners.

As part of ISP development, AEMO overlays a map of candidate REZs over available information from the National Native Title Tribunal Indigenous Estates (see Appendix A3 for details). For the 2025 *Electricity Network Options Report*, AEMO also updated its land use inputs to incorporate First Nations considerations wherever available. These datasets are published on AEMO's website to support governments, councils, and rule-makers in developing social licence frameworks[9].

AEMO also recognises and supports the Federal Government's First Nations Clean Energy Strategy 2024-2030[10], which aims to close the gap in energy equity, education, employment, investment, and other opportunities. By making Indigenous land interests visible, AEMO seeks to support a transition that is inclusive, respectful, and empowers First Nations peoples to pursue self-determination, and shape energy outcomes, in the energy transition.

A8.2.1 Roles and responsibilities for social licence in transmission planning

As national transmission planner, AEMO engages with stakeholders, environmental and governance experts, planning officials, networks and project developers to gather insights that help embed social licence considerations in early options planning. Community engagement is then undertaken by other organisations during subsequent stages of project delivery. As such, the ISP's consideration of social licence is necessarily high-level and concentrated in the early stages of the planning lifecycle. Ultimately, AEMO also undertakes and publishes relevant work to be useful to industry, governments and consumers and communities.

Figure 1 below shows how social licence is considered through the various stages of transmission development. These broadly align with the stages in the Federal Government's Guidelines for Community Engagement and Benefits for

[8] At https://www.aemo.com.au/about/reconciliation-action-plan

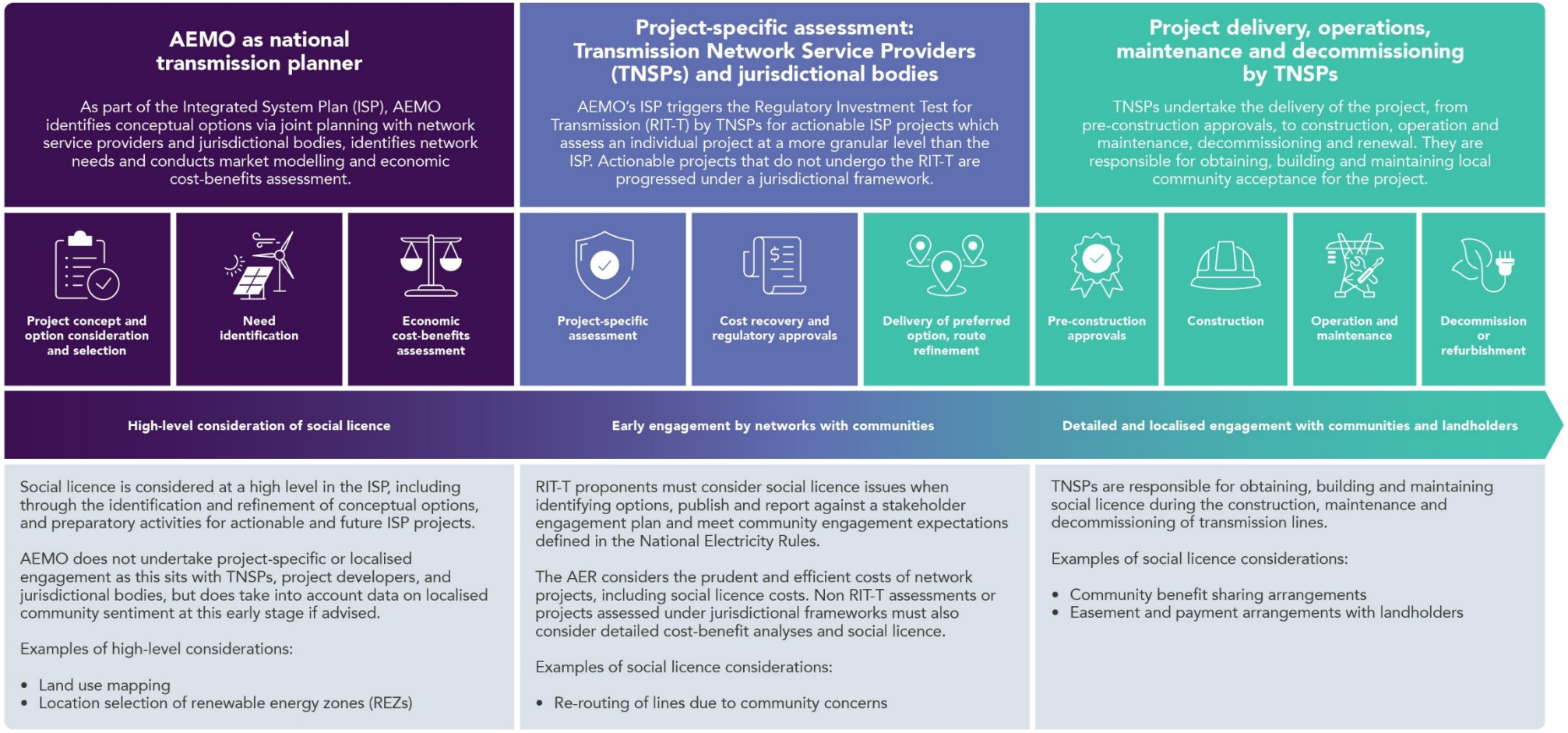
[9] At https://www.aemo.com.au/consultations/current-and-closed-consultations/2025-electricity-network-options-report-consultation.

[10] At https://www.energy.gov.au/sites/default/files/2024-12/First%20Nations%20Clean%20Energy%20Strategy.pdf.

Electricity Transmission Projects. For simplicity, the project stages are shown in a linear fashion, but it should be noted that activities may not actually occur in this sequence. For example, until transmission projects reach financial close and satisfy other criteria to be awarded "anticipated" status, AEMO is required to reassess economic feasibility in subsequent ISPs.

A level of reassessment in the early stages of planning is appropriate as the power system is evolving rapidly and decisions to invest in assets that consumers ultimately pay for need to be regularly checked to ensure they remain prudent, but becomes increasingly disruptive to both communities and consumers as project development progresses.

Figure 1 AEMO's role in social licence for transmission planning



Relevant reforms, reviews and reports

AEMO actively participates in the extensive work being led by various jurisdictions, market bodies, industry members and advocates, which inform its approach and reflect broader efforts to address social licence challenges across the energy transition. **Table 4** below outlines some recent key reports and initiatives, although is not intended to be an exhaustive list.

Table 4 Relevant reforms, reviews and reports

Initiative	Details
Australian Energy Market Commission (AEMC) Review of the ISP and other rule changes associated with the ISP https://www.aemc.gov.au/market-reviews-advice/review-integrated-system-plan	• Under National Electricity Rules (NER) 11.126.10, the AEMC will conduct a review of the ISP framework in the NER by 1 July 2027, to ensure it continues to best support Australia's energy transition. This follows the ECMC ISP Review concluded in 2024. • The AEMC is also considering rule change proposals related to the ISP, including a proposal for clarifying the treatment of jurisdictional policies and system costs in the ISP[A].
Australian Energy Regulator (AER) *Social Licence for Electricity Transmission Directions Paper* and updated Guidelines https://www.aer.gov.au/industry/registers/resources/reviews/social-licence-electricity-transmission-projects/initiation	• The AER released its Social Licence for Electricity Transmission Directions Paper for consultation in October 2023. This formed the basis of the AER's 2024 review of the Cost Benefit Analysis and Regulatory Investment Test guidelines, published in November 2024. • In its guidelines, the AER defines social licence as linked to general awareness and acceptance of a project within a community and is directly linked to a project's credibility. Successful project proponents and developers have clear strategies and programs to form good relationships and acknowledge these are built over time.
Climate Change Authority (CCA) Annual Progress Report 2025 https://www.climatechangeauthority.gov.au/2025-annual-progress-report	• The CCA said that Australia needs to drastically increase its current rate of emissions reductions to achieve its 2030 and 2035 emissions targets, to nearly double the rate of -11 Mt CO_2-e per year. • Maintaining momentum in the deployment of renewables and storage is crucial for Australia to reach its targets. However, community acceptance of renewable infrastructure is slowing down the deployment of infrastructure required. Benefit-sharing practices and policies differ across jurisdictions and tiers of government, creating complexity for project developers and inequity for communities. • The CCA recommended that the Federal Government develop a national mechanism for community engagement and benefit-sharing that clarifies expectations for communities and project developers and ensures that impacted regions receive fair and lasting benefits from the energy transition.

A. At https://www.aemc.gov.au/rule-changes/clarifying-treatment-jurisdictional-policies-and-system-costs-isp

Good practice engagement frameworks

AEMO encourages project developers to continue to engage communities early and meaningfully, understand local impacts and concerns, and support them to make informed decisions. **Table 5** lists guidelines, advice and recommendations.

Table 5 Overview of good practice engagement frameworks

Entity / Report title	Overview
The Clean Energy Council's First Nations Engagement Guide **Published February 2024** https://cleanenergycouncil.org.au/news-resources/first-nations-engagement-guide-for-renewables-industry	• Developed in partnership with the First Nations Clean Energy Network and KPMG, this guide sets out expectations for industry and details key considerations for First Nations engagement at each stage of a project's lifecycle.

Entity / Report title	Overview
The Department of Climate Change, Energy, the Environment and Water (DCCEEW)'s *National Guidelines for Community Engagement and Benefits for Electricity Transmission Projects* Published July 2024 https://www.energy.gov.au/sites/default/files/2024-07/national-guidelines-community-engagement-benefits-electricity-transmission-projects.pdf	• Provides expectations for effective and responsive community engagement by transmission developers when undertaking new transmission projects. The guidelines provide additional guidance on how communities should be engaged and involved in transmission projects through the lifecycle of planning, construction, operating and decommissioning or replacement.
DCCEEW's Developer Rating Scheme pilot Updated August 2025 https://www.dcceew.gov.au/energy/renewable/developer-rating-scheme	• A key recommendation from the AEIC's Community Engagement Review[A], DCCEEW is now piloting its Developer Rating Scheme to provide transparent, periodic assessments of renewable energy and transmission businesses to measure their performance, track record and capability, including their community engagement capability.
The Energy Charter's *Social Licence Better Practice Guideline* Published May 2023 https://www.theenergycharter.com.au/wp-content/uploads/2023/05/The-Energy-Charter_Better-Practice-Social-Licence_2023_GUIDELINE.pdf.	• Co-developed by landholder and community representatives and a group of electricity transmission businesses to build a shared understanding of the impacts and potential benefits associated with hosting energy transmission infrastructure and to provide practical social licence guidance to mitigate negative impacts and prioritise shared value.
Energy Consumers Australia's *Enabling energy justice through place-based approaches to expanding transmission infrastructure* Published October 2023 https://energyconsumersaustralia.com.au/our-work/research/enabling-energy-justice-through-place-based-approaches-to-expanding-transmission-infrastructure	• Recommends that project developers and proponents consider place-based approaches that prioritise genuine listening to community concerns, and that 'procedural fairness' plays as significant a role as the fair distribution of benefits. This means that the engagement process itself must include equal opportunity for diverse voices to be heard.
The First Nations Clean Energy Network's *Capacity building toolkit* Published August 2025 https://proponents-toolkit.firstnationscleanenergy.org.au/	• For project developers and proponents to learn how to engage with First Nations communities, from understanding First Nations rights, to negotiating access to sea and country, to safeguarding cultural heritage.
New South Wales Department of Climate Change, Energy, the Environment and Water's's *Strategic Benefit Payment Scheme Guidelines* Published June 2025 https://www.energyco.nsw.gov.au/sites/default/files/2025-06/strategic-benefit-payment-scheme-guidelines-june-2025_3.pdf	• Comprehensive guidelines for host landholder payments for major infrastructure projects.
Powerlink, *Landholder Payment Framework* First published May 2023 www.powerlink.com.au/brochures/payment-framework	• Powerlink revised its landholder payment framework in May 2023 with insights and input from diverse stakeholder groups that aims to provide more clarity and flexibility for landholders. It also offers a payment to landholders with properties adjacent to new transmission easements.
Tasmanian Government's *Guideline for Community Engagement, Benefit Sharing and Local Procurement* Published May 2024 https://www.recfit.tas.gov.au/__data/assets/pdf_file/0010/399205/Guideline_for_Community_Engagement,_Benefit_Sharing_and_Local_Procurement.pdf	• This guideline has been developed to set a clear standard for best practice community engagement, benefit sharing and local procurement for renewable energy development in Tasmania.
Victorian Department of Environment, Land, Water and Planning, *Community Engagement and Benefit Sharing in Renewable Energy Development in Victoria* Published July 2021 **https://www.energy.vic.gov.au/__data/assets/pdf_file/0026/580625/community-engagement-and-benefit-sharing-guide.pdf**	• A guide for renewable energy developers for effective community engagement and notes options for sharing benefits of the energy transition with the community.

Entity / Report title	Overview
Victorian Transmission Investment Framework, *Draft REZ Community Benefits Plan* Published May 2024, final expected in 2025 **https://engage.vic.gov.au/vtif-rez-community-benefits**	• The draft REZ Community Benefits Plan proposes the creation of new benefits for landholders, regional communities, Traditional Owners, and significantly impacted neighbours.

A. At https://www.aeic.gov.au/news-media/news/community-engagement-review-report.

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	Definition
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.
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. 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.
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	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	A set of projects (actionable projects, future projects and ISP development opportunities) in an ISP that together address power system needs.
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	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

Term	Definition
	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.
National Electricity Rules	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.
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.
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 emissions reduction	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.