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Dear Ms Falcon,

## **Australian Energy Market Operator – Draft 2026 Integrated System Plan**

### **1. Introduction**

We welcome the opportunity to provide feedback on the Australian Energy Market Operator's (AEMO) Draft 2026 Integrated System Plan (ISP).

This submission is made on behalf of a group of leading energy businesses (collectively, the Collaboration Group)—Tilt Renewables, Iberdrola Australia (Iberdrola), Acciona Energía (Acciona), Ark Energy (Ark), Squadron Energy and Voyager Renewables (Voyager)—who are collaborating together to support the realisation of renewable energy development in the Far, North West and Western New South Wales (NSW) region (referred to from here as the Inland Renewable Energy Region).

The Collaboration Group strongly support the Draft 2026 ISP and particularly the Optimal Development Path (ODP) as a critical roadmap for maintaining reliability and supporting Australia's 82% renewable target by 2030. We also acknowledge AEMO's clear assessment of the scale and coordination challenges facing the NEM as coal retires and new load emerges.

This submission focuses on the need for additional transmission capacity in Far, North West and Western NSW, to unlock a major inland renewable region with strong resource fundamentals, low development constraints and supportive local communities. Strengthening this part of the network would enhance resilience, diversify supply, reduce long-term system costs and support regional economic development.

Additional transmission beyond the currently Actionable ISP projects is required to meet the pace and scale of transformation identified in both AEMO's modelling and the broader market. In particular, new investment in North West/Western NSW would help to:

- Address accelerating growth in electricity demand, including from data centres, electrification and new industrial loads
- Provide insurance against early-2030s reliability risks if major projects experience delays, including the Hunter Transmission Project, Southern Sydney Ring and offshore wind developments

- Unlock high-quality renewable resources in areas well suited for large-scale development and long-term community partnerships.

We also acknowledge the importance of AEMO's least-cost framework and the requirement for net market benefits. The Inland Renewable Energy Region concept has been developed with regard to the key principles underpinning this test, and preliminary analysis indicates strong alignment with least-cost outcomes. The Collaboration Group are ready to progress formal assessment with AEMO.

## **2. About the Collaboration Group**

The Collaboration Group are established renewable energy developers with deep experience delivering large-scale wind, solar, storage and transmission projects across NSW and the NEM. Each maintains an active development presence in western NSW, where progress is currently constrained by limited transmission capacity.

Collectively, the group brings substantial technical expertise, financial capacity and delivery capability directly relevant to large-scale, transmission-enabled renewable development. Their combined portfolios span multi-GW pipelines that can be rapidly advanced once new transmission capacity is secured. Several partners have a strong understanding of the technical, regulatory and delivery requirements for major network augmentation.

This capability combined with experience across community engagement, land access, environmental assessment and system integration, positions the Collaboration Group to play a central role in unlocking the region's renewable potential. They are well placed to deliver new generation and storage at scale, contingent on timely investment in enabling transmission infrastructure.

## **3. Project Overview – Inland Renewable Energy Region**

The Inland Renewable Energy Region represents a nationally significant opportunity to unlock a large inland renewable corridor in Far, North West and Western NSW. It offers a dependable and scalable source of renewable energy capable of materially contributing to NSW's future supply as coal retires.

At its core, the region would establish a multi-technology renewable energy zone with strong underlying fundamentals:

- Excellent wind and solar resources
- Extensive areas of compatible land use
- Very low population density, and
- A constructive regional engagement environment.

These characteristics position the region as one of the most promising locations in Australia for large-scale renewable development, with the potential to deliver high-quality generation at lower system cost while enhancing overall supply diversity.

### **Scale and Staging**

Stage 1 would support approximately 3–4 GW wind, solar and storage by 2035, with at least 6 GW achievable by 2040. With appropriate transmission the region has long-term potential to

exceed 10 GW, establishing a major inland corridor supporting potential future interconnection with South Australia, Queensland and Victoria.

### **Transmission Concept**

A new high-capacity inland transmission link is central to unlocking this opportunity. Technical assessments undertaken by the Collaboration Group confirm that multiple HVAC and HVDC configurations are capable of transferring 3–4 GW in the initial stage. Potential connection points under investigation include Broken Hill, Mt Piper, Bannaby and Wollar, all of which offer credible integration pathways into the existing network. As the corridor expands, further stages could align with future interconnection opportunities identified in AEMO's planning processes.

### **System Integration and Benefits**

The inland region strengthens AEMO's broader network development strategy and provides an alternative pathway should coastal REZs, offshore wind or major augmentations face delays. High capacity factor inland wind and well sited solar reduce long term system costs, improve reliability during peak risk periods and support new industrial, mining and data centre loads.

The Inland Renewable Energy Region therefore provides a credible, early deliverable pathway to enhance system resilience, diversify supply and support the step change build rates required through the 2030s and 2040s.

### **Preparatory work completed**

Extensive preparatory work has been undertaken across resource assessment, land access, environmental analysis, technical studies and stakeholder engagement, substantially de-risking early development. Multi-year wind and solar measurements confirm excellent resource quality across the region, while corridor identification and environmental constraints mapping provide a solid foundation for refining route options.

Land access is well advanced, with each of the renewable energy developers securing exclusivity over significant volume of suitable land, creating a development-ready footprint for multi-GW projects. Established processes for Western Lands Lease arrangements, option agreements and easement registrations further enable large-scale development across the Western Division.

Complementary power-system studies—including thermal limits, voltage performance, system strength and stability—confirm the technical viability of proposed connection points and the scalability of the inland corridor. Engagement with landholders and regional stakeholders is underway with early indications that the inland corridor aligns with existing land uses and the area's low population density.

Together, this work positions the Inland Renewable Energy Region to progress rapidly once transmission commitments are made, with secured land, proven resources, feasible transmission pathways and a highly supportive regional context.

## **4. Strategic context**

Accelerated renewable development is essential to meeting national and state objectives for reliability, affordability and decarbonisation. Strengthening transmission into Far, North West

and Western NSW represents a least-regret pathway aligned with AEMO’s long-term planning and the evolving needs of the NEM.

## **National Opportunity**

Unlocking a large inland renewable region provides significant strategic value to both NSW and the broader NEM. The area’s strong wind and solar profiles complement coastal generation, improve diversity, and help manage reliability risks arising from delays to major east-coast projects. High-capacity-factor inland resources enable better utilisation of the network and reduce long-term system costs. The corridor also supports the growth of new industries—including critical minerals, green metals and data centres—and preserves flexibility for future interconnection with Queensland, South Australia and Victoria. This flexibility is critical to meeting the step-change build rates needed for 2035 and 2050 decarbonisation targets.

## **Urgency of Unlocking New High-Quality Renewable Zones**

AEMO’s ODP identifies a rapid expansion in grid-scale renewable capacity—from 23 GW today to 58 GW by 2030 and around 120 GW by 2050—requiring more than 4 GW of new build annually. Transgrid forecasts that Sydney alone will require over 23 GW of new wind and solar by 2035. Demand growth driven by electrification, data centres, and new industrial loads is already exceeding ISP assumptions.

At the same time, reliability risks are intensifying as coal retires, particularly if major projects such as the Hunter Transmission Project, Southern Sydney Ring or offshore wind developments face delays. Existing REZs are constrained by social licence, land-use and hosting-capacity limitations, while offshore wind faces high costs and long lead times. These factors underscore the need to unlock new inland regions with strong fundamentals and lower development barriers.

## **Strategic Advantages of Far, North West and Western NSW**

The region offers high-quality wind and solar resources. Stage one can deliver 3–4 GW of wind, solar and storage by 2035, with at least 6 GW achievable by 2040. The region benefits from high-quality resources (7–9 m/s wind, up to ~40% wind CF and high solar CFs) comparable with Australia’s strongest renewable areas.

The temporal profile is highly complementary: inland wind performs strongly during evening and overnight periods, and inland output surpasses New England across night, morning and daytime hours. Low correlation with east-coast NSW and Queensland renewable regions enhances portfolio firmness and reduces drought and curtailment risk.

Development conditions are highly favourable—characterised by very low population density, low agricultural productivity and relatively low biodiversity sensitivity. Regional stakeholders, including landholders and First Nations communities in the Far West Area, have been engaged. These attributes suggest the region can deliver new large-scale generation and transmission earlier than many other REZs, providing meaningful contributions before 2035.

## **System-Wide Benefits**

Unlocking inland resources delivers major system-wide benefits. Geographic diversity reduces the frequency and severity of energy-drought events, improves reliability as coal retires, and

lowers overall system costs through access to high-utilisation, low-correlation generation. The inland corridor also eases pressure on existing REZs—such as the South-West REZ—by reducing correlated output, curtailment and congestion.

Crucially, the inland corridor establishes a platform for future expansion and enhanced interconnection, increasing transfer capacity between NSW, Queensland, South Australia and Victoria. This improves whole-of-system reliability, operational flexibility and the efficient sharing of firming resources across regions.

### **Proactive Industry Partnership**

The Collaboration Group have already advanced early environmental, technical, design and engagement work, reducing risk and positioning the initiative for timely delivery. Their combined financial strength, development capability and experience with major renewable and transmission projects provides a high degree of delivery confidence at a pivotal moment for NSW.

### **Traditional Owner Partnerships**

The Collaboration Group acknowledges the opportunity that the Inland Renewable Energy Region offers for meaningful and long-term partnerships with Traditional Owners. Limited early engagement with First Nations groups have highlighted the significant and transformational potential that large-scale energy projects in this region could have for Traditional Owners. The Collaboration Group is committed to identifying and advancing discussions with the relevant Traditional Owners, both for the energy projects and transmission corridors, to ensure that benefit sharing and project co-design is considered from an early stage.

## **5. Alignment with AEMO's least-cost framework**

The Collaboration Group recognise the importance of AEMO's least-cost framework and the requirement that new transmission investments deliver net market benefits. The Inland Renewable Energy Region has been developed with these principles in mind and is designed to support a cost-efficient, resilient and scalable transition of the NEM.

Although formal least-cost testing is yet to occur, preliminary analysis indicates strong alignment with least-cost outcomes. The region's excellent resource quality and development scale enable high utilisation of new transmission assets, while inland wind and solar contribute to lower whole-of-system costs through improved diversity, strong capacity factors and reliable performance during periods of system risk. The initiative also aligns closely with government electrification and decarbonisation objectives, further supporting compatibility with AEMO's framework.

Early comparative analysis confirms the Inland Renewable Energy Region will deliver levelised energy costs broadly comparable to, and in some cases lower than, other major transmission-linked renewable projects. High level LCOE modelling (excluding network losses and constraints) estimates a range of approximately \$86–\$98/MWh for the Region, which is consistent with comparable results for the New England REZ and Waddamana–Palmerston upgrade options.

The Collaboration Group is ready to work closely with AEMO on the formal least-cost assessment, ensuring all inputs, assumptions and development options are evaluated

rigorously and transparently, consistent with AEMO's market-benefit framework and ISP expectations.

## **6. Timing and urgency**

Early progression is essential to ensure new inland renewable capacity is available before and into the early 2030s, when system needs are most acute. AEMO's Draft 2026 ISP highlights rising congestion risks without additional transmission. Failure to act would increase curtailment, reduce project viability and raise long-term system costs.

Growing new demand—including data centres, industrial electrification and new processing industries—is increasing winter and shoulder-season load. Inland wind and solar, with strong temporal diversity, are well placed to meet this changing profile.

Timely investment is also critical to managing reliability risks associated with the scheduled closure of Eraring in 2029, which will remove major dispatchable capacity. Inland transmission will help ensure replacement renewable and storage resources are available in time.

Advancing transmission now enables the Collaboration Group to move a coordinated pipeline to financial close, supporting investor confidence and enabling early delivery of meaningful capacity.

## **7. Recommendations to AEMO**

In light of the strong resource fundamentals, system benefits and the advanced stage of preparatory work, the Collaboration Group recommend that AEMO:

- Prioritise investment in Far, North West and Western NSW transmission infrastructure in the Final 2026 ISP to unlock a significant new inland renewable region supported by strong social licence and high-quality resource diversity.
- Include the Inland Renewable Energy Region transmission project in the ODP, recognising its ability to deliver early, low-regret benefits and provide insurance against uncertainty in the timing of other major projects including offshore wind.
- Adopt a staged development pathway, enabling initial 3–4 GW delivery in Stage 1 while maintaining flexibility to scale toward future interconnection opportunities with Queensland, South Australia and Victoria as NEM needs evolve.
- Ensure the regulatory and planning framework facilitates timely delivery, with clear guidance on sequencing, cost-benefit assessment and integration with existing and future ISP projects.

These recommendations are intended to assist AEMO in identifying a credible, least-regret pathway that strengthens NSW and NEM resilience while accommodating emerging demand and accelerating the energy transition.

## **8. Closing**

We thank AEMO for the opportunity to provide feedback on the Draft 2026 ISP. The Collaboration Group welcome continued engagement with AEMO throughout the ISP process and are ready to support further analysis, modelling and consultation as required.

With strong resource fundamentals, advanced preparatory work and committed industry partners, the Inland Renewable Energy Region represents a timely, scalable and nationally significant opportunity to help meet Australia's reliability, affordability and decarbonisation objectives.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Adam Mathers', with a long horizontal stroke extending to the right.

**Adam Mathers**

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