

13 February 2026

AEMO

Submitted via email:

Dear Australian Energy Market Operator (**AEMO**),

Submission: Draft 2026 Integrated System Plan

CS Energy welcomes the opportunity to provide a submission to the *Draft 2026 Integrated System Plan* released for consultation on 10 December 2025.

About CS Energy

CS Energy is a Queensland-owned and based energy company that provides power to some of the State's biggest industries and employers. We generate and sell electricity in the wholesale and retail markets, and we employ almost 700 people who live and work in the regions where we operate.

CS Energy owns thermal power generation assets, and we are building a more diverse portfolio. We also have a renewable energy offtakes portfolio of almost 300 megawatts, which we supply to our large commercial and industrial customers in Queensland. CS Energy is developing a 400 MW gas-fired peaking generator at Brigalow near Kogan Creek in Queensland.

Overall views

The Integrated System Plan (**ISP**) is the most significant body of work produced for the National Electricity Market (**NEM**) and forms an integral part in the planning, investment and delivery of critical infrastructure required to support the energy transition. Industry participants across all aspects of the market rely upon the findings of the ISP being credible and trustworthy to inform their internal processes and decision making.

In recent years, AEMO have expanded the analysis of the ISP to be more reflective of whole-of-system planning and to consider the operability of the forecast system. CS Energy views this progression as logical and supports more considerate analysis of the market. To support the credibility of the ISP, CS Energy considers that there is scope for:

- Expanded ISP scenario analysis to ensure system security requirements can be met in an evolving market; and

■ **Brisbane Office**
PO Box 2227
Fortitude Valley BC Qld 4006
Phone 07 3854 7777
Fax 07 3854 7300

□ **Callide Power Station**
PO Box 392
Biloela Qld 4715
Phone 07 4992 9329
Fax 07 4992 9328

□ **Kogan Creek Power Station**
PO Box 41
Brigalow Qld 4412
Phone 07 4665 2500
Fax 07 4665 2599

- Ensuring better consistency across AEMO planning documents, such as the Thermal Audit (TA) or Transition Plan for System Security (TPSS).

Essential System Services Optimisation

Large thermal units have historically been the primary providers of essential system services (ESS), such as inertia and system strength. As the NEM transitions to a system with more inverter-based resources (IBR) and synchronous thermal plant withdraws, planning for a system with limited or no synchronous units is critically important.

Sensitivities

AEMO have assumed in the ISP that system strength and inertia requirements will remain unchanged throughout the outlook horizon yet acknowledges that these needs may evolve. CS Energy considers that there would be merit in modelling sensitivities where these needs change, so to ensure the optimal development path is able to cater to evolving system requirements.

Likewise, CS Energy sees scope for improvement in the number of sensitivities conducted around the delivery of key ESS infrastructure. The TPSS established that “the projected decommissioning and closure of coal-fired generation in Queensland is expected to result in significant reductions in synchronous fault current” and while Powerlink’s system strength RIT-T4 is anticipated to address this issue, delays in delivery do not appear to have been modelled or considered.

AEMO have stated that “interim measures such as contracting synchronous plant are likely to be required until permanent solutions are installed, and in some cases may form part of the long-term solution”. It would seem improper not to model a scenario where coal is directed to stay online, if this may form part of a “long-term solution”. This analysis should be accompanied by better transparency regarding the costs, benefits, risks and opportunities with which participants will be faced.

Moreover, if AEMO has assumed increasing flexibility in coal station operation, the risks must also be reflected in the ISP. Operation of this nature has the potential to reduce plant reliability and availability, impact black start capabilities and system strength levels.

More conscientious coordination of AEMO’s planning documents may be required. In particular, the findings of the TPSS and TA should be carefully incorporated into the ISP in a manner that ensures each scenario can facilitate secure and reliable energy supply, even in despite of delays to infrastructure delivery, cost escalations and evolving system requirements.

Inconsistencies Across Model Assumptions

CS Energy has noted that AEMO references ‘flexible operation’ of the Queensland coal fleet, particularly in the latter years of the outlook horizon. AEMO’s TA and TPSS concluded that *some* stations may be exploring flexible operation but noted Queensland power stations were not exploring these avenues. As such, CS Energy recommends AEMO allocates more time to ensuring consistency across the assumptions found across the various AEMO-produced planning documents. This symmetry would avoid sending mixed signals to market participants and risking misrepresenting future iterations of the market.

Closing Remarks

CS Energy looks forward to the opportunity to contribute to future iterations of the ISP and thanks AEMO for its efforts in delivering the ISP with respect to industry feedback and consultation.

If you would like to discuss this submission, please contact Hunter Finlay, Policy and Regulation Graduate, at hfinlay@csenergy.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. Demaria', written over a light grey horizontal line.

Dr Alison Demaria
Head of Policy and Regulation