

13 February 2026

Mr Daniel Westerman
Australian Energy Market Operator (AEMO)
Sent via email: ISP@AEMO.com.au

Dear Mr Westerman,

Draft 2026 Integrated System Plan (ISP) for the National Electricity Market (NEM)

Endeavour Energy appreciates the opportunity to provide feedback on AEMO's Draft 2026 ISP. We share AEMO's interest in establishing a clear and consistent pathway for market participants to undertake the urgent action needed to transition the NEM to renewable generation for the benefit of customers.

The draft ISP takes an important step in recognising the role that existing distribution networks and CER can play in an efficient, reliable system. We support the observation that targeted investment in distribution networks will support CER generation and avoid more costly grid-scale investment. This will be critical to meeting the challenge AEMO highlights of servicing a near doubling in forecast consumption across the NEM by 2050 driven by the emergence of large users of energy such as data centres and industrial and household electrification.

We recommend the final ISP, or future iterations, consider the uncertainty associated with electrification and the impact of demand side factors on the Optimal Development Path (ODP) in further detail. For instance, electrification makes up 90% of the growth in C&I customer energy usage. Achieving this kind of unprecedented growth is uncertain but critical to meeting national Net Zero targets and lowering overall system costs, so the impacts of alternate scenarios should be considered carefully.

At a higher level, it is still not clear whether distribution level opportunities are actually built into the core optimisation of the ODP, or whether they are identified afterwards as supporting material. While the role of distribution networks is recognised in the ISP, if distribution options are not represented inside the optimisation, they will ultimately be undervalued when compared with transmission. This could result in lower cost or risk outcome targeted distribution upgrades or CER orchestration initiatives not being captured in the ODP.

We understand the challenge here. Distribution networks are complex, data quality and maturity varies across the NEM, forecasting CER behaviour involves a lot of uncertainty and the merit order of least cost is non-linear in nature with increasing hosting. We experienced many of these issues ourselves in developing the NSW Distribution System Plan Opportunities Report ¹ alongside Ausgrid and Essential Energy. That work demonstrated not only the scale of the opportunity, but also the practical barriers that make it difficult to integrate distribution level

¹ Available online here: <https://www.nsw-dsp.com.au/>.

solutions into broader system planning. Aligning data, planning horizons, modelling approaches and CER assumptions across three large networks was not straightforward.

What we found in the NSW DSP aligns with the AEMC's Integrated Distribution System Planning review and its work on the ISP framework. These reforms are moving in the right direction and should help create the foundations needed for distribution investments and CER-driven flexibility to be assessed on a more even footing with transmission options. We are keen to support AEMO as this capability develops. Endeavour Energy, our peer NSW DNSPs and DNSPs across the broader NEM are already working to improve data quality, planning processes and modelling. We would welcome closer collaboration with AEMO to help build the inputs and methods needed to bring distribution opportunities fully into future ISP cycles.

To assist this, we suggest AEMO consider:

- providing greater clarity about how distribution investments are currently represented in the ODP, including current limitations;
- identifying areas where better data or consistent methods from DNSPs would allow distribution options to be modelled more directly; and
- continuing to collaborate with DNSPs and the AEMC to enable distribution-level investments and CER flexibility to be real substitutes or complements to transmission-level assets and investment.

We see real value in strengthening this work and are committed to contributing to it. If you have any queries or wish to discuss our submission further please contact Riza Tolentino, Strategic Planning & Forecasting Manager at riza.tolentino@endeavourenergy.com.au or Patrick Duffy, Manager Regulatory Transformation and Policy at patrick.duffy@endeavourenergy.com.au.

Yours sincerely



Colin Crisafulli
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