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Draft 2026 ISP Consultation

To whom it may concern,

The Next Economy (TNE) is a not-for-profit regional economic development agency that supports regions across Australia to take advantage of emerging opportunities in the transition to a climate safe, equitable and regenerative economy.

Since 2018, we have partnered with regional communities across Australia to better understand the impacts and opportunities associated with the net zero transition. We have engaged directly with those who are navigating change and this work has provided us with insights into trends, opportunities, issues and perspectives in regional areas relating to climate change, the energy transition and economic transition. Our insights from this extensive local and international experience are documented through a range of reports - some of which we have summarised at the end of this submission in table 1 in the appendix.

We welcome the opportunity to contribute to the Draft 2026 ISP consultation. The outcome of each ISP has far-reaching consequences for regional areas, not only as impacted parties within the energy transition, but as active participants. Regional Australia is heavily represented in REZs, and meaningful participation, engagement and leadership from regional areas will be critical to underpin a successful energy transition.

This submission provides feedback on commentary relevant to regional Australia within the Draft 2026 ISP. Considerations and suggested actions are organised in the following sections:

- Principles for good engagement with communities and regions
- Strengthening regional outcomes and community trust
- Impacts of the energy transition on the regions
- Effective implementation: What good looks like for regions
- The role of regional communities in the needed energy workforce
- Conclusion and recommendations
- Table of useful resources.

Principles for good engagement with communities and regions

A successful energy transition will be underpinned by meaningful involvement from communities and regions. Not only will regional communities be disproportionally affected by energy projects needed to achieve national ambitions, but they also have a significant role to play in contributing to a transition that is fair and just, and one which meets the needs and ambitions of their localities. Engagement with the regions, and particularly those within heavily relied upon REZs, needs to be carried out with the understanding that local stakeholders will need to live with the impacts and opportunities of the change brought on by energy system changes.

TNE has extensive experience engaging communities in the regions, particularly with communities undergoing energy-sector driven transitions. TNE staff have conducted research and contributed to economic planning activities across the country, in the coal regions in the Hunter Valley, Latrobe Valley and Central Queensland, as well as areas where renewable energy zones are being developed, including Hay and Uralla.

TNE recognises that AEMO undertakes extensive engagement to inform the ISP, with several opportunities for public contribution. We note that this includes efforts to improve the accessibility of the ISP, such as through the ISP Toolkit[1]. We also recognise that outcomes of the ISP have flow on effects on energy system planning, where other actors will be anticipated to take key stakeholder engagement roles.

We are pleased to see that AEMO is regularly undertaking evaluations of their stakeholder engagement practices and seeking to improve[2]. For communities in the regions, it is critical that planners understand community sentiment, and the importance of keeping people informed about changes and engagement outcomes.

Drawing on our work with councils and communities across energy regions, we outline practical principles that could strengthen how the ISP engages with, and plans for, regional communities:

Include diverse voices through tailored approaches Stakeholder engagement activities should proactively reach and be inclusive of regional communities and Local Governments, First Nations people, young people, migrant communities, SMEs, social services, and others who are often under-represented. In our *Latrobe Valley project*, interviews and workshops with these groups demonstrated how different perspectives can

1 https://www.aemo.com.au/-/media/files/major-publications/isp/2025/isp-toolkit.pdf
2 Section A1.4.4 Continuous Improvement, Appendix 1, Draft 2026 ISP

surface new priorities, from energy security to workforce inclusion, that would otherwise be overlooked[3]. This helps ensure that modelling assumptions about demand, workforce availability, consumer energy resources and local impacts reflect lived realities, not only industry or market perspectives.

First Nations leadership: Many Renewable Energy Zones and transmission corridors intersect with Country. Meaningful involvement of First Nations peoples in energy system planning is therefore critical. While AEMO's role is at a system level, the ISP influences where and when infrastructure is developed, shaping the context in which engagement and agreements occur. Where First Nations governance structures and enterprises are involved early, planning processes are more likely to reflect cultural knowledge, land use priorities and long-term regional benefit. Experiences from Far North Queensland highlight how First Nations-led approaches can support both cultural continuity and economic resilience when change is underway[4].

Strengthening regional outcomes and community trust

TNE strongly supports the acknowledgment within the Draft 2026 ISP that social licence and consumer agency are areas for continued learning and development for AEMO[5], and that AEMO is continuing to improve their understanding of the opportunities and challenges of the transition for "local and national" communities. Continued learning is crucial in this area.

We further support the integration of learnings from reports, and inclusion of social licence considerations across several areas[6]; and strongly recommend that AEMO also integrates resources that explore the uniqueness of social licence in regional areas.

We recognise that there are limitations in the role that AEMO can play when it comes to social licence of projects fundamental to the energy transition. Appendix 8[7], states that "social licence is considered at a high level in the Draft 2026 ISP", and flags that the role of AEMO is to plan at a national

3 https://nexteconomy.com.au/work/what-next-community-perspectives-on-the-energy-transition-in-the-latrobe-valley/

4 https://nexteconomy.com.au/work/in-profile-first-nations-hub-network-forever-reef-project/

5 Executive Summary, Appendix 8, Draft 2026 ISP

6 Table 3, Appendix 8, Draft 2026 ISP

7 Executive Summary, Appendix 8, Draft 2026 ISP

level. While industry and government will need to build social licence once planning and projects progress, contents of the ISP can already have an impact on social licence.

We wish to raise that the *narrative* around social licence can impact community sentiment, before projects have even begun. As such, we support the 2026 ISP Consumer Panel IASR report recommendations related to social licence[8] – relating to considering the savings due to social licence in ISP projects, instead of assuming social licence is always a cost.

In our experience, social licence is better understood not as permission to proceed, but as a reflection of whether projects deliver genuine and lasting benefits for host communities. Where people can see improvements to local jobs, services and liveability, support follows. Where they cannot, no amount of consultation will substitute for this.

Recognise communities as partners - Communities are not passive recipients of change but knowledgeable partners with a long history of contributing to national development. Early and meaningful engagement with regional communities is therefore not simply good practice but central to deliverability.
Where engagement is late or tokenistic, projects face delays, higher costs and reputational risk. Experience in regions such as the Hunter and Gippsland shows that these risks are real. For the ISP, early conversations can surface local constraints and opportunities before projects are designated as actionable, reducing the likelihood of later conflict or redesign. Embedding regional perspectives earlier in ISP planning can help avoid these outcomes[9].

8 Table 7, Appendix 1, Draft 2026 ISP

9 https://www.taylorfrancis.com/books/edit/10.4324/9781003585343/regional-energy-transitions-australia-john-wiseman-garethedwards-amanda-cahill

Impacts of the energy transition on the regions

Decisions made through the ISP directly shape regional economies and livelihoods, particularly where projects are designated as actionable and investment is accelerated. AEMO acknowledges this in their commentary regarding changing the status of projects from or to actionable. TNE appreciates that these decisions are done with careful deliberation of the impacts and also wishes to emphasise the uniqueness of such challenges related to remote contexts in Australia.

An example of this was seen in the design and implementation of the reformed Safeguard Mechanism. Trade-exposed facilities covered by the Safeguard Mechanism are overwhelmingly located in regional areas, where they are major employers and provide essential inputs into clean energy supply chains.[13] This illustrates how national policy settings can have concentrated local impacts, particularly in remote and trade-exposed regions. Planning policies that impact broad geographic areas, such as our energy system, cannot be an abstract exercise; taking into consideration regional perspectives helps ensure the impacts and opportunities, often felt most directly in these areas, are properly understood.

Without adequate support and resources, transitions risk reinforcing existing inequalities by concentrating benefits along established pathways while vulnerable groups bear disproportionate costs[14]. We regularly see regions experiencing workforce shortages, housing pressure, and strain on local services at the same time as large-scale projects are delivered nearby. Place-based interventions, informed by the knowledge and priorities of people in each region, are essential to ensure disruptions are managed fairly and opportunities are accessible.

Well-designed energy system planning is an opportunity to ensure that new investment and economic activity support the long-term wellbeing of regional communities. By aligning planning with local aspirations and goals, planning can deliver outcomes that help regions not only adapt but thrive. For the ISP, this means considering not only the least-cost technical pathway, but also the timing, sequencing and local readiness of projects. Coordinating investment with local infrastructure, workforce capacity and community priorities can reduce delays and leave regions stronger as a result.

Monitor and adapt over time: Given the ISP's two-year cycle, there is an opportunity to treat engagement as iterative, with regular check-ins on regional impacts and sentiment informing subsequent updates, rather than one-off consultation windows.

Effective implementation: What good looks like for regions

The energy transition will be more orderly, efficient and enduring where communities see tangible benefits that align with their aspirations. This goes beyond project by-project agreements to embedding strategic value in regional economic development, improving liveability, and addressing entrenched inequalities. The Gladstone Roadmap is an example of how articulating community aspirations up front can help attract investment while maintaining broad support[10].

In the context of network planning within the ISP, a common complaint from communities within REZ is that they feel bypassed when energy generated in their community is directly exported without them seeing improvements in local networks or energy access. When significant energy projects are occurring in regional localities, there is an opportunity to improve local distribution to ensure benefits are felt by host communities.

The role of regional communities in the needed energy workforce

The Draft ISP 2026 further highlights the needs for a "large and skilled workforce, spanning many disciplines"[11], and that this is also a factor in consideration criteria of REZ[12]. We welcome AEMO's acknowledgement of this, and consideration of this in the ISP, and strongly recommend this be a continued area of focus and improvement. Amongst other professional disciplines, it is well known that the demand for trades and technicians of the energy transition will be significant[13], this presents an opportunity and a challenge for regional Australia, who can provide the skills needed, if carefully planned and including supporting infrastructure.

The energy transition needed cannot succeed without targeted support for workers and the broader community infrastructure that underpins economic life. Workforce planning, reskilling and upskilling, housing, health and care services, and education facilities are all critical enablers. Our experience in Hay and Carrathool shows that building a resilient workforce goes hand in hand with ensuring communities remain liveable and industries are able to adapt.

10 https://nexteconomy.com.au/work/gladstone-regions-economic-transition-10-year-roadmap/
11 Executive Summary, Draft 2026 ISP
12 Section 5.3, Draft 2026 ISP
13 https://www.jobsandskills.gov.au/sites/default/files/2023-10/The%20Clean%20Energy%20Generation_0.pdf

If workforce constraints are not adequately considered at the system planning stage, there is a risk that projects become technically optimal but practically difficult to deliver. Incorporating regional workforce capacity and supporting infrastructure into ISP assumptions and sequencing decisions would strengthen confidence that the development path is not only least cost on paper, but achievable on the ground.

Conclusion and recommendations

The Draft 2026 ISP provides an important signal about the scale, timing and direction of Australia's energy system transition. As this pathway is refined and implemented, the experiences and capacities of regional communities will continue to shape how effectively it can be delivered.

Across our work in regional Australia, a consistent theme is that transitions are more durable where planning reflects local conditions, sequencing aligns with regional readiness, and communities can see how change connects to improved local outcomes. Consideration of these factors alongside technical and cost-based analysis can strengthen confidence in the ISP and support smoother delivery over time.

We hope this perspective is helpful as the ISP continues to evolve. We would welcome the opportunity to stay engaged and share insights from our ongoing work with regions.

Yours sincerely,

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Appendix

Table 1: Resources from The Next Economy, highlighting their relevance for transition planning

Resource	Summary description
What Regions need on a path to Net Zero Emissions[14]	The national report, based on input from over 500 stakeholders in coal and gas regions, called for three essentials: honest communication about change, a clear national plan backed by resources, and stronger democratic processes. **For ISP:** it demonstrates how early, broad engagement across industry, unions, First Nations, social services and communities can identify shared priorities and practical actions, and how national leadership aligned with local aspirations can unlock opportunities in renewables, minerals and new industries.
The Gladstone Region Economic Transition Roadmap[15]	The Gladstone 10-year roadmap, co-developed with council after extensive engagement with workers, First Nations groups, industry and education providers, sets out actions to help the region adapt to global decarbonisation and build a renewable and hydrogen economy. **For ISP:** it shows the value of collaboration between councils, industry and communities to manage risks, plan inclusive workforce pathways, and ensure diversification leaves a positive legacy. It supports understanding of the complexity underpinning transitions, that could flow from projects that become actionable in the ISP.
Inclusive Clean Energy Workforce Project[16]	Research on Australia's clean energy workforce highlights severe shortages but also the chance to reimagine participation and inclusion. Systemic barriers such as limited training access, geographic isolation, and socio-economic inequality continue to exclude many groups. **For ISP**: it underscores that workforce development is central not only to project delivery but also to ensuring the benefits of the transition are widely shared.

[14] https://nexteconomy.com.au/work/what-regions-need-on-the-path-to-net-zero-2/

[15] https://nexteconomy.com.au/work/gladstone-regions-economic-transition-10-year-roadmap/

[16] https://nexteconomy.com.au/wp-content/uploads/The-Next-Economy-Reimagining-Diversity-Report.pdf

The Mount Isa Future Ready Economy Roadmap[17]	The Mount Isa Future Ready Economy Roadmap, developed by council with TNE and Climate-KIC, responds to the closure of copper operations by charting strategies for diversification across energy, minerals, transport, agriculture and tourism. It balances industrial opportunities with investment in housing, education, health and workforce development. **For ISP**: Shows how industrial regions can reposition through coordinated planning, inclusive engagement and staged investment. Highlights the importance of aligning infrastructure decisions with broader regional development priorities.
The Resilience Plan and Economic Transition Roadmap for Hay in NSW[18]	The Hay and Carrathool Resilience Plan, co-developed with councils and the Australian Resilience Centre, engaged over 280 participants to set a 2035 vision and 24 actions spanning economic development, businesses, care economy, inclusion and placemaking. This is now being extended into a regional economic roadmap focused on agriculture, workforce, services and local investment. **For ISP**, it shows how inclusive, place-based frameworks translate abstract targets into practical strategies that align decarbonisation with liveability, service access and diversified local economies, while keeping First Nations and producers involved.
Heading upstream to tackle the economic root causes[19]	This paper posits that Australia's current economic system produces social, environmental, and health harms because it treats the economy as an end in itself. It frames systemic change through the 4Ps of Purpose, Prevention, Pre-distribution, and People Powered. It shows how each can shift the rules, incentives, and goals of the economy to deliver wellbeing for people and planet rather than growth for its own sake. **For ISP**: it provides both critique and framework. It reminds policymakers and regions that there are broader structural issues driving inequality and ecological damage, and things like the energy network transition will only interface with part of the picture. The 4Ps can serve as criteria to judge whether proposed projects and the overall transition are transformative: whether they focus on wellbeing over GDP, prevent harm rather than fix it later, distribute value fairly through mechanisms like

[17] https://www.mountisa.qld.gov.au/files/assets/public/v/4/council/documents/future-ready-economy-roadmap.pdf

[18] https://nexteconomy.com.au/wp-content/uploads/HayandCarrathool_RDRP_SummaryConsultationPaper_Sept2024-v2.pdf

[19] https://nexteconomy.com.au/work/heading-upstream-towards-a-wellbeing-economy/

	community wealth building, and meaningfully involve citizens in shaping decisions.
Regional Energy Transitions in Australia: From impossible to Possible[20]	This book, co-edited by The Next Economy's founder, examines how energy transition became possible in five coal regions: Latrobe Valley, Hunter Valley, Central Queensland, Port Augusta and Collie. Drawing on diverse contributors, it traces how initiatives emerged, who drove them, and where support fell short, offering a frank assessment of progress and gaps. **For ISP:** it underscores that energy transitions are more successful when rooted in local context, with strong governance, community and worker participation, and stable long-term policy. The case studies show how early action, inclusive engagement and coordinated investment can turn disruption into opportunity while avoiding repeated mistakes.

[20] https://www.taylorfrancis.com/books/edit/10.4324/9781003585343/regional-energy-transitions-australia-john-wiseman-garethhttps://www.taylorfrancis.com/books/edit/10.4324/9781003585343/regional-energy-transitions-australia-john-wiseman-gareth-edwards-amanda-cahilledwards-amanda-cahill