

30 June 2023

Paul Verschuer
Executive General Manager
AEMO Services
By email: iiorepor@aemoservices.com.au

Dear Mr Verschuer,

Draft 2023 Infrastructure Investment Objectives Report

PIAC welcomes the opportunity to respond to the Draft 2023 Infrastructure Investment Objectives Report (the report).

We commend AEMO Services on the thoroughness of the report and aspects of the consultation accompanying it, particularly the deep dive sessions. Future processes should build on this good work to further improve the robustness of engagement and the value of the report.

To this end we recommend two broad improvements to future infrastructure investment objectives (IIO) reports.

Future IIO reports should be designed to enable more meaningful input from non-expert stakeholders

The report and consultation process have been enormously informative but it is not clear what purpose stakeholder engagement has meaningfully served. Generation, storage, and firming targets are already set and the mechanisms to reach those targets are also set. Considering this, what decisions or policies does this process seek views on and what impact can stakeholder views have?

A key value of effective, meaningful stakeholder engagement is increasing the diversity of perspectives on an issue, adding depth and nuance that a single perspective (or type of perspective, such as that of technical experts) would not be able to provide.

Best practice stakeholder engagement seeks value preferences and priorities and direction on the trade-offs participants would prefer in terms of different priorities.

Future IIO reports and their consultation processes should seek to facilitate input from a more diverse range of stakeholders, including stakeholders without specialist technical knowledge. Future processes should also explore opportunities to incorporate value preferences and

trade-offs from stakeholders and the community, where this may strengthen the scope and conclusions of the report.

Modelling of the carbon reduction impacts of decisions referred to in the report should be added

Future IIO reports should include modelling of the carbon emission impacts of the decisions or scenarios modelled.

In the 2022 report, for instance, this would have entailed modelling the impacts on carbon emissions of each of the different build paths examined: late constructions, the REZ-aligned, lumpy build path, the front-ended build path, and the REZ-aligned, lumpy build path with annual build limits.

For 2023, this would entail modelling the emission impacts of the central scenario, and the three additional scenarios: No Coal by 2030, Transmission Delay, and Early Coal Exit.

We appreciate that the purpose of the sensitivity and scenario analyses is to provide guidance on how AEMO Services should respond to different eventualities and still fulfill the targets set in the EII Act. We understand the purpose is not necessarily to inform some decisionmaker about choosing between the different sensitivities or scenarios modelled. However, the additional modelling would be very informative to the NSW Government who will need to make decisions adjacent to the sensitivities and scenarios.

For example, there is a trade-off between reduced carbon emissions and increased cost that would occur as a result of aggressively front-ending the transmission, generation, storage, and firming builds. The NSW Energy Minister and Government will need to weigh this trade-off up and decide (at a number of points) where the preferred balance lies. This decision can be better aligned with efficiency and preferences of NSW energy consumers if there is a better foundation on which to understand the trade-off.

The IIO report is the ideal ongoing platform on which to add this necessary element in our planning infrastructure.

PIAC would welcome the opportunity to discuss these matters further with AEMO Services and other stakeholders.

Yours sincerely,

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Senior Policy Officer

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