

# Released under FOI

**From:** Grant, Janene <janene.grant@aer.gov.au>  
**Sent:** Monday, 4 October 2021 10:00 AM  
**To:** Daniel Westerman (Daniel.Westerman@aemo.com.au) <Daniel.Westerman@aemo.com.au>  
**Subject:** Response letter to AEMO [SEC=OFFICIAL]

**OFFICIAL**

Dear Mr Westerman

Thank you for your letter dated 24 August 2021 outlining AEMO's proposed approach to publishing an Integrated System Plan (ISP) Update alongside the draft 2022 ISP in December 2021.

Attached is a response letter sent on behalf of AER Chair, Clare Savage.

Yours sincerely

**Janene Grant**  
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4 October 2021

Mr Daniel Westerman  
Chief Executive Officer  
AEMO  
Level 22 530 Collins Street  
Melbourne VIC 3000

Dear Mr Westerman

Thank you for your letter dated 24 August 2021 outlining AEMO's proposed approach to publishing an Integrated System Plan (ISP) Update alongside the draft 2022 ISP in December 2021. In particular, you have sought confirmation that the proposed approach outlined in your letter is acceptable to the AER.

As you are aware, under the National Electricity Rules (NER), for an actionable ISP project, the RIT-T proponent must seek confirmation (referred to as the ISP feedback loop) that the preferred option in its Project Assessment Conclusions Report (PACR) is consistent with the optimal development path (ODP) in the most recent ISP (as amended by any ISP Update).

TransGrid completed its PACR for its Humelink RIT-T on 29 July 2021 and stated that it intends to seek AEMO confirmation that the preferred option is consistent with the ODP in the most recent ISP. For the purposes of this confirmation, the most recent ISP is the 2020 ISP, unless there is an ISP Update.

Based on the information provided in your letter, we understand that:

- AEMO considers that the most recent 2020 ISP should not be used to confirm whether the preferred option in the Humelink RIT-T is consistent with the ODP on the basis that the relevant inputs and assumptions have changed significantly since the publication of 2020 ISP.
- AEMO instead proposes to use the most up-to-date information for a feedback loop assessment, based on the 2021 Inputs, Assumptions and Scenarios Report (2021 IASR) published in July 2021.
- Clause 5.22.15 (c) of the NER and the AER's Forecasting Best Practice Guidelines (FBPG) require AEMO to follow a single stage consultation process, as set out in our FBPG, when undertaking an ISP Update.
- AEMO has completed consultation and finalised the 2021 IASR and the ISP methodology as part of the 2022 ISP process. Therefore, AEMO does not believe that any further consultation as required by our FBPG would substantially improve an ISP Update separate to the development of the Draft 2022 ISP.
- AEMO believes that it is an efficient and effective process to issue an ISP Update by using the Draft 2022 ISP, scheduled for release in December 2021.

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The AER notes AEMO's position to not undertake consultation to issue an ISP Update in the manner outlined above and, in accordance with the consultation requirements set out in the NER and AER's FBPG. The AER recognises that there is likely to be limited value in undertaking a separate consultation process for the purposes of the ISP Update considering the recently completed consultation undertaken during the development of 2021 IASR and the ISP methodology. However, before issuing the Draft 2022 ISP, we expect AEMO to notify stakeholders about its proposed approach.

We hope this will enable AEMO to progress and finalise development of the 2022 ISP in a timely and efficient manner. If you have any queries, please do not hesitate to contact Blair Burkitt at [blair.burkitt@aer.gov.au](mailto:blair.burkitt@aer.gov.au).

Yours sincerely

A handwritten signature in grey ink, appearing to be 'CS', with a long horizontal flourish extending to the right.

Clare Savage  
**AER Chair**