Submission to 2026 ISP Consultation

Re: AEMO's Draft ISP 2026

13 February 2026

Executive Summary

Community Power Agency thanks the Australian Energy Market Operator (AEMO) for the opportunity to provide feedback on the Draft 2026 Integrated System Plan (ISP).

We commend AEMO and the Australian Government for expanding the scope of the ISP to consider the role of distributed energy solutions and distribution networks in achieving emission reduction and energy targets, and in meeting rising electricity demand across the National Electricity Market (NEM) through to 2050.

As set out below in more detail, we argue that there is a clear need for the scope of the ISP to further expand to incorporate critical socio-political dimensions of the energy transition. These factors influence least cost outcomes, delivery risk and the distribution of demand growth, and are therefore fundamental to protecting the long-term interests of consumers.

In line with AEMO's recognition of the potentially significant role of distributed energy solutions, the ISP should outline a clear role for mid-scale community energy solutions, setting a high-level direction and suite of expectations for actions to address social licence challenges through greater community participation. This would lay the foundation for unlocking transformative opportunities to deliver grid resilience and local value, support regional economic transitions, build social licence, and enable faster deployment of renewables, as well as addressing current inequities in the energy system.

About us

Community Power Agency is a not-for-profit and trusted independent advisor working to empower communities across Australia to participate and benefit from a fairer and more accessible renewable energy system. We have authored state government and best-practice industry guidelines on benefit sharing and engagement, worked with communities across multiple Renewable Energy Zones (REZs), and played a key role in supporting Australia's community energy sector to date. Our feedback on the Draft 2026 ISP is based on over 14 years of experience working in community energy, community shared ownership, benefit sharing and engagement in the energy transition.

As our expertise is on community engagement and benefit sharing, community energy and co-investment, and planning and policy aspects relevant to social outcomes for local communities, our feedback focuses on Part B, Section 9 of the Draft 2026 ISP ('Consumer and distribution actions to reduce grid-scale investments') and relevant Appendices (8 and 9). Our feedback is structured as follows:

1. AEMO's role in supporting social licence for the energy transition as a whole
2. Integrating social considerations into early stage planning of the optimal development path (ODP)
3. Considering the implications of fair allocation of benefits and burdens on Integrated Systems Planning
4. Distribution network capacity as an opportunity to enable community energy
5. Recognising the distinction between community-scale energy and community energy to ensure policy settings reflect social impact and public interest
6. Protecting and empowering consumers in coordinated consumer energy resources (CER)

1. AEMO's role in supporting social licence for the energy transition as a whole

AEMO has a responsibility to present an accurate and realistic picture of the challenges facing energy developments, to ensure that the ISP and related policies respond adequately to these challenges. For example, the Draft 2026 ISP states that "*[t]ransmission work is building momentum*",[1] but does not acknowledge the ongoing challenges associated with transmission projects, including supply chain constraints and social licence challenges, or the extent to which social licence challenges have extended project timelines and increased project costs. The meaning of 'actionable',[2] 'committed',[3] 'anticipated'[4] and 'future'[5] transmission projects is unclear, making it difficult for readers to decipher the progression and challenges associated with transmission projects at various stages of development. The 2026 ISP should provide greater clarity on the challenges facing energy projects, particularly with respect to social licence, and set a clear policy direction for addressing these challenges.

In our experience working on-the-ground with communities experiencing renewable energy development across the country, we have directly witnessed the way in which an absence of communication and coordination of the rollout of renewable energy projects directly influences the way that communities experience the energy transition. The lack of public consultation and communication on the initial establishment of REZs and the lack of clear pathways for community participation and benefit sharing have been major contributors to community confusion, local distrust, and subsequent lack of social licence.

In February 2024, the Australian Energy Infrastructure Commissioner (AEIC) (formerly Andrew Dyer, now Tony Mahar) released the independent Community Engagement Review (a.k.a. the 'Dyer Review'), to advise on improving community engagement on renewable energy infrastructure developments. A key theme of the Dyer Review centred on the government coordination, messaging and governance of the energy

[1] AEMO 2025, Draft 2026 Integrated System Plan, Executive Summary, p. 8.
[2] AEMO 2025, Draft 2026 Integrated System Plan, Executive Summary, p. 5.
[3] AEMO 2025, Draft 2026 Integrated System Plan, Executive Summary, p. 10.
[4] AEMO 2025, Draft 2026 Integrated System Plan, Executive Summary, p. 10.
[5] AEMO 2025, Draft 2026 Integrated System Plan, Executive Summary, p. 5.

transition as a whole.[6] AEMO is expressly mentioned multiple times in the Dyer Review as well-positioned to provide information to inform a whole-of-government approach to energy transition coordination, messaging and governance, particularly with respect to improving land use planning, optimal site selection and better transparency for both energy generation and transmission projects.[7]

While the Draft 2026 ISP recognises the importance of social licence for the energy transition and commits to working with consumer groups, advocates and communities to deliver long-term, shared benefits,[8] Appendix 8 states that "*AEMO's incorporation of social licence matters is necessarily at a high level, with the responsibility to engage with local communities sitting with relevant jurisdictional planning bodies and project developers.*"[9] We agree with the statement made in the Draft 2026 ISP that "*greater clarity is needed on the roles and responsibilities for social licence*".[10] However, it is not only project proponents and jurisdictional planning bodies with whom the responsibility of social licence rests,[11] but also with federal government agencies and affiliated bodies, including AEMO. The energy transition as a whole operates within a broader social context that also requires deliberate attention and effort to shape. The Australian Government, including through AEMO, has a critical role to play in delivering engagement and communications on the national energy transition, which to date has largely been treated as a technical, market and policy exercise, with very limited acknowledgement or investment in social processes and outcomes.

To sustain social licence for the energy transition, the Australian Government and AEMO must articulate a clear, coherent narrative and policy direction that resonates with communities. This will require sustained investment in on-the-ground engagement and relationship-building, the provision of locally accessible and trusted information, and meaningful opportunities for community members to influence energy transition planning, participate in, and benefit from local energy developments.

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[6] See pp. 37-45 of the Australian Energy Infrastructure Commissioner (AEIC), Community Engagement Review (February 2024).
[7] See pp. 21-25 of the Australian Energy Infrastructure Commissioner (AEIC), Community Engagement Review (February 2024).
[8] AEMO 2025, Draft 2026 Integrated System Plan, The ISP is a roadmap for the NEM's transition, p. 33.
[9] AEMO 2025, Appendix 8 to Draft 2026 Integrated System Plan: Social Licence, Executive Summary, p. 5.
[10] AEMO 2025, Draft 2026 Integrated System Plan, Executive Summary, p. 21.
[11] AEMO 2025, Draft 2026 Integrated System Plan, Executive Summary, p. 21.

➢ **We recommend that the 2026 ISP articulates a clear, coherent narrative and policy direction on how to achieve local participation, local benefits and social licence.**

2. Integrating social considerations into early stage planning

As acknowledged in the Draft 2026 ISP, the successful development of REZs, "*if they are well planned and supported by appropriate social licence*,"[12] may have significant benefits for both consumers and host communities. However, the realisation of these benefits greatly "*depend[s] on industry and government building social licence so that host communities participate strongly in their planning and benefits*."[13]

There is now a robust evidence base showing that the realisation of local benefits requires place-based approaches that prioritise collaboration, capacity building and locally tailored program delivery. Productive models of this kind of engagement have already been trialled and documented by organisations such as Community Power Agency,[14] Renewable Energy Alliance and The Next Economy,[15,16] but are not yet mainstream. To a large extent, this is because government approaches to REZ planning and development have focused on the technical dimensions of transmission planning and the creation of state-based tender markets. There has been comparatively little investment in meaningful community engagement, local presence, or participation in planning and benefit-sharing until much later in the process, which contributes to the erosion of social licence in REZ communities.

While individual project proponents are undertaking project-level engagement, there is a clear need for coordinated, REZ-level engagement processes to occur as

[12] AEMO 2025, Draft 2026 Integrated System Plan, Generation, storage and network investments in the proposed ODP, p. 59.
[13] AEMO 2025, Draft 2026 Integrated System Plan, Generation, storage and network investments in the proposed ODP, p. 64.
[14] Lakey, M. and McElnea, H. (2025) Collaborating for a fair energy shift: A handbook for communities, Community Power Agency; Mallee, K., Hodge, C. and Hicks, J. (2025) Guide to Regional Benefit Sharing, Community Power Agency.
[15] Archer, J. and Matthee, S. (2025) Striking a New Deal for Renewables in Regions, The Next Economy, RE-Alliance, Foundation for Rural & Regional Renewal and ProjectsJSA.
[16] Cahill, A., Allison, J., Heck, A. and Lumsden, L. (2022), Gladstone Region Economic Transition Roadmap, The Next Economy.

early as possible in the planning process. Without more strategic and focused effort on community consultation and involvement, the benefits of REZs envisaged by AEMO[17] are unlikely to be fully realised.

Therefore, while we commend AEMO for integrating publicly available data on community sentiment and other social, environmental, First Nations and agricultural considerations to provide additional information to TNSPs and governments, enable early engagement and inform early network options planning,[18] consideration of community sentiment in ISP planning could be significantly strengthened through a more participatory approach to engagement and data groundtruthing in local communities. While AEMO "*does not undertake project-specific or localised engagement... but does take into account data on localised community sentiment*",[19] consideration should be given to ways that local communities can participate in the early planning stages managed by AEMO. By engaging communities early in the planning process, projects are more likely to gain social licence, minimise conflicts, and adapt effectively to unanticipated impacts. For example, whereas AEMO's current approach to identifying transmission corridors could result in circumventing transmission projects on Native Title land, an engagement-first approach could kick-start early discussions on innovative and far-reaching benefit sharing opportunities for First Nations, such as co-ownership or co-investment in transmission assets.

- **We recommend a more proactive, participatory approach to community engagement early planning stage of the ISP and in the selection of potential REZs,[20] to prevent subsequent social licence challenges and associated delays to planning approvals. AEMO should work more closely with TNSPs and jurisdictional bodies to proactively collect and ground-truth social, environmental, First Nations and agricultural data in communities earmarked for energy infrastructure development. This should include social context mapping and proactively engaging communities, and**

[17] AEMO 2025, Draft 2026 Integrated System Plan, Generation, storage and network investments in the proposed ODP, p. 64.
[18] AEMO 2025, Appendix 8 to Draft 2026 Integrated System Plan: Social Licence, Executive Summary, p. 8.
[19] AEMO 2025, Appendix 8 to Draft 2026 Integrated System Plan: Social Licence, AEMO's role in social licence for transmission planning, p. 18.
[20] AEMO 2025, Appendix 8 to Draft 2026 Integrated System Plan: Social Licence, Executive Summary, p. 8.

collecting primary data that can be incorporated into AEMO's planning process.

3. Considering the implications of fair allocation of benefits and burdens on Integrated Systems Planning

There is mounting evidence that the ongoing energy transition is compounding the housing crisis and increasing inequality in a variety of ways, ranging from unequal access to electrification and efficiency upgrades[21,22], to regressive outcomes of CER where network cost recovery falls on customers who can not adopt CER,[23] to effects on proportional household energy expenditure, and the impacts of energy poverty on public health spending.

While the Draft 2026 ISP recognises fair allocation of costs and burdens on a number of fronts, the focus is predominantly on tightening regulatory architecture to reduce unnecessary cost burdens of infrastructure projects. The Draft 2026 ISP stops short of explicit consideration of distributional and equity impacts in the assessment of least cost pathways, or identifying concrete actions and enabling conditions that can address inequitable allocation of costs and burdens, such as:

- Pricing and regulatory arrangements to ensure business and industry contribute to their fair share of necessary investment in grid-scale generation, storage and transmission. This is especially important given that the Draft 2026 ISP suggests that business and industry will see electricity demand increase up to 90%, compared to a decline in household demand up to 40%.
- Cost-reflecting network pricing, protections, and actions and enabling policies that will be necessary to create avenues for disadvantaged households, particularly those without the means to install CER, to partake and

[21] Best R, Chareunsy A, Nazifi F. 2025. Persistent energy poverty for renters motivates policy reform. Energy Economics, 147:108577. https://doi.org/10.1016/j.eneco.2025.108577
[22] Chandrashekeran, S., De Bruyn, J., Sullivan, D., Bryant, D., 2024. Electrification and lower-income households in Australia: An integrated analysis of adaptive capacity and hardship. Energy Research & Social Science 116, 103688. https://doi.org/10.1016/j.erss.2024.103688
[23] Argyle Consulting & EndGame Economics (2022). Network tariffs for the distributed energy future, Commissioned by the Australian Energy Regulator.

benefit from distributed generation, storage and demand-flexibility markets – for example, through incentives for landlords to install CER and share the financial benefits with tenants, and opening up pathways for shared solar on apartment buildings, off-site shared solar programmes, and community energy.

- Large-scale energy efficiency and electrification upgrades targeted to low-income households across tenures.[24] The Draft 2026 ISP sensitivity analysis explores a lower energy efficiency scenario, but not a higher energy efficiency adoption scenario. Future ISPs could consider more ambitious energy efficiency deployment scenarios that carry socio-economic benefits alongside energy, decarbonisation and cost-saving outcomes.

➢ **We recommend that the ISP explicitly consider distributional and equity impacts in analysis of least cost pathways and explore higher energy efficiency adoption scenarios, since these factors materially affect participation ceilings and demand, as well as public sentiment, social licence, project risk premiums and delivery speed.**

4. Distribution network capacity as an opportunity to enable community energy

The Draft 2026 ISP highlights that there is significant untapped capacity within the distribution network. Not only can distribution networks "*unlock 4 GW of latent CER capacity*", "*[t]hey may also be able to accommodate 2 GW of grid-scale generation and storage within the network itself.*"[25] **We strongly recommend that this untapped distribution network capacity form the basis of a 2 GW target for local and community energy projects.**

[24] Larkin, N., Northrop, E., Xing, D. & Milligan, B. (2025) Accelerating Home Energy Efficiency Upgrades in Australia: A policy gap analysis, Centre for Sustainable Development Reform, UNSW, https://www.unsw.edu.au/research/centre-for-sustainable-development-reform/research/accelerating-home-energy-upgrades

[25] AEMO 2025, Draft 2026 Integrated System Plan, Executive Summary, p. 14.

Given their closer proximity to homes, schools, businesses and other community infrastructure, generation and storage projects on the distribution network are more likely to raise concerns relating to amenity, safety, land use compatibility, traffic, noise, visual impact and other perceived risk. Meaningful community participation and benefit sharing opportunities will be critical to securing and maintaining social licence and community support. In this context, there is a significant opportunity to enable mid-scale (~1-5 MW) community energy projects. Larger than household systems but smaller and more locally embedded than utility-scale developments, these projects represent the 'missing middle' in Australia's shift to renewables.

Community energy projects involve local leadership and participation, and are motivated by local needs, and have been documented to have a wide range of positive local and collective outcomes.[26] Typically led by community groups, mid-scale community energy projects enable meaningful community ownership, investment and participation in decision-making, generating local revenues and local investment in key community services and infrastructure. In our work at Community Power Agency, we have seen how community-led energy initiatives all across Australia are building durable local support for renewables while making a tangible contribution to emissions reduction.[27] Not only do these projects help to minimise the need for transmission infrastructure, they also build trust in government and utilities, and social licence for the broader energy transition.[28,29]

AEMO has expressly recognised communities are "*working together to establish locally led and owned energy projects, such as community solar and wind farms*."[30] However, in contrast to CER and utility-scale renewable energy, mid-scale community energy projects in Australia largely operate in a policy vacuum, and face

[26] Berka, A., & Creamer, E. (2018). Taking stock of the local impacts of community owned renewable energy: a review and research agenda. Renewable and Sustainable Energy Reviews doi:10.1016/j.rser.2017.10.050
[27] See e.g. Buckley, E., Walters, K. Marshall J.P. and Ford, A. (2023) Australian Community Energy Collective Impact Assessment 2023, Community Power Agency, Sydney.
[28] Hicks, J. (2020). Generating conditions of strong social support for wind power: Insights from community-owned wind energy projects. Australasian Journal of Environmental Management, 27(2), 137–155.
[29] Walker, C., Rowlands, I.H., Devine-Wright, P., Soutar, I., Wilson, C., Gupta, R., Devine-Wright, H., Bishwokarma, J. and Ford, R., 2024. Exploring public support for the "four Ds" of energy transitions: Evidence from survey data. Frontiers in Sustainable Energy Transition, 3, 1388891. https://doi.org/10.3389/fets.2024.1388891
[30] AEMO 2025, Appendix 9 to Draft 2026 Integrated System Plan: Demand Side Factors Statement, A9.3.1 Consumer energy resources, p. 33.

persistent barriers, including complex grid access, limited routes to market, a lack of legitimacy and inconsistent policy support. These challenges can overwhelm even the most motivated groups and slow progress, despite significant and growing community appetite to participate.[31] State and Federal Government policy mechanisms and funding to support mid-scale community energy are often piecemeal and temporary, and ill-equipped to meet the needs and appetite of the sector. Without a national GW target and coordinated implementation plan, community energy development will remain fragmented and uncertain, and is likely to benefit communities endowed with capacity and resources, preventing community energy from benefitting communities across Australia and contributing to the energy transition at a meaningful scale.

The implementation of a 2GW target for local and community energy will require a robust policy and delivery framework that combines clear national ambition with coordinated funding, technical support and market access reforms. International examples, such as Great British Energy's recent £1 billion Local Power Plan,[32] demonstrates the importance of pairing capital investment with hands-on development support, pipeline building and institutional backing to scale community-led energy. In the Australian context, proposals such as Helen Haines' Local Power Plan[33] similarly recognise that community energy needs to be enabled and embedded in institutional and policy frameworks and that ad-hoc grants are not sufficient. To thrive in Australia, the community energy sector will require targeted policy intervention and support including concessional finance, capacity building, aggregation pathways and streamlined grid access.

- **We recommend ISP 2026 endorses a 2GW target for local and community energy underpinned by dedicated funding mechanisms, development support hubs,[34] regulatory reform and clear integration with distribution**

[31] Buckley, E., Walters, K. Marshall, J.P. & Ford, A. (2023) Australian Community Energy Collective Impact Assessment 2023, Community Power Agency, Sydney. https://cpagency.org.au/wp-content/uploads/2023/12/Community-Energy-Collective-Impact-Report_2023.pdf

[32] Great British Energy (February 2026), Local Power Plan, Department for Energy Security & Net Zero, United Kingdom.

[33] Helen Hains MP (September 2020), The Local Power Plan, Wodonga, Victoria.

[34] REA/CPA/YES2Renewables (2024). Local Energy Hubs Government Briefing Note, https://cpagency.org.au/wp-content/uploads/2024/02/2.-Local-Energy-Hubs_-government-briefing-note.pdf

network planning, ensuring that the community energy sector is treated as a strategic component of the energy transition.

5. Recognising the distinction between community-scale energy and *community energy* to ensure policy settings reflect social impact and public interest

Conflating community-governed and owned projects with small-mid-scale commercial projects can result in superficial claims to social licence and social impact and the crowding out of genuine community-led projects. For example, Section 9.2 of Part B of the Draft ISP refers to the role that distribution networks can play in helping to fulfil CER potential, as well as the innovations that are already being made to distribution networks to cater for more CER and larger assets, such as through the "*trialling community batteries*".[35] However, no distinction is drawn between 'community batteries' – which should be more accurately termed 'neighbourhood batteries' or 'community-scale batteries' – and community-owned batteries and other community energy innovations. Referring to such examples under the label of 'community' innovations risks ignoring the needs and benefits of their community-owned counterparts.

Additionally, AEMO's Demand Side Factors Statement (outlined in Appendix 9 to the Draft 2025 ISP) details the engagement undertaken with DNSPs to "*develop a pragmatic approach to representing distribution network capabilities*",[36] but lacks evidence of engagement with community energy and other consumer groups, despite AEMO's commitment to working with these stakeholders alongside network planners, governments and market bodies.[37]

- ➢ **We suggest that, in describing network innovations, a distinction is drawn between 'community batteries' – which should be more accurately termed**

[35] AEMO 2025, Draft 2026 Integrated System Plan, Generation, storage and network investments in the proposed ODP, p. 86.
[36] AEMO 2025, Appendix 9 to Draft 2026 Integrated System Plan: Demand Side Factors Statement, A9.2.2 AEMO's approach to identifying distribution network development opportunities that are consistent with the efficient development of the power system, p. 14.
[37] See e.g. AEMO 2025, Draft 2026 Integrated System Plan, Executive Summary, p. 21; The ISP is a roadmap for the NEM's transition, 1.4 This challenging transition is intended to bring long-term benefits, p. 33.

'neighbourhood batteries' or 'community-scale batteries' – and *community-owned* batteries and other community energy innovations. We also strongly recommend that AEMO engage directly with community energy groups as well as DNSPs, to ensure that investment to support demand growth in the distribution network enable not only community-scale assets,[38] but also *community-owned* assets.

6. Protecting and empowering consumers in coordinated CER

Section 9.3 of Part B of the Draft 2026 ISP outlines the system-wide benefits that CER and its coordination brings to the power system, but fails to sufficiently articulate the policy and program settings required to protect and empower consumers in coordinated CER. For example, in describing "*a number of supporting factors [that] need to be in place for higher levels of coordination to be reached*",[39] it is important to reference the government programs and policies that will be required to improve the economics of local value sharing initiatives, provide the necessary support for consumer education and capacity building, build consumer trust and confidence in CER coordination services, and ensure inclusion of renters and other consumers who are currently locked-out of CER ownership.

Appendix 8 of the Draft 2026 ISP outlines AEMO's high-level guiding principles for its consideration of social licence, including a focus on utility-scale infrastructure.[40] We suggest that consideration of social licence is also needed with respect to CER coordination, which will require the provision of support for households, communities and other small to medium consumers to increase energy literacy and engage meaningfully in AEMO's planning process. While community-led VPPs are emergent in Australia, utility-led models that remotely control distribution assets are already well established, with large diversity in terms of community participation and how value is distributed back to participants. For remotely controlled utility-led VPP's to be supported and successful in the long term, communities need locally accessible information and advice in order to understand and negotiate contract

[38] AEMO 2025, Appendix 9 to Draft 2026 Integrated System Plan: Demand Side Factors Statement, Opportunities for efficient investment in distribution networks to support CER export, p. 6.
[39] AEMO 2025, Draft 2026 Integrated System Plan, Generation, storage and network investments in the proposed ODP, p. 87.
[40] AEMO 2025, Appendix 8 to Draft 2026 Integrated System Plan: Social Licence, Executive Summary, p. 10.

terms and ensure that VPPs deliver value to participants, including information on alternative community-led VPPs.

Community energy enterprises are well placed to play an expanded role in coordinating CER, offering approaches that are more responsive to community needs, trusted by consumers, and deliver clearer local benefits than traditional retail models. As such, in explaining the term consumer energy resources (CER) in section 1.2 of Part A,[41] emphasis should also be given to the role of communities - in the form of co-operatives, associations and other community enterprises – in taking control of their energy future by investing in CER and its coordination. Supporting informed and pro-active community participation and energy literacy will require resourcing local government or establishing independent, government-funded service centres ('Local Energy Hubs') in regional areas that can empower locals to actively participate in and benefit from the clean energy shift underway.[42]

In outlining CER contributions, the ISP could give further consideration to enabling pathways for inclusion of renters and others who are 'locked-out' of CER ownership to participate in CER as well as other decentralised energy solutions, such as rooftop solar on apartment buildings, shared solar or solar gardens and/or community batteries. Further investment is needed in programs that support renters to invest in and co-own CER and other distributed energy assets (DER), such as through solar gardens and community-owned batteries. While pioneering projects have been successful, they face a range of barriers that prevent them from being broadly adopted in current market and policy settings.[43,44,45] For example, unlike many other OECD countries, Australia does not currently use local energy network tariffs or LUOS for electricity that is shared and matched over much shorter distances, even

[41] AEMO 2025, Draft 2026 Integrated System Plan, The ISP is a roadmap for the NEM's transition, p. 31.
[42] REA/CPA/YES2Renewables (2024). Local Energy Hubs Government Briefing Note, https://cpagency.org.au/wp-content/uploads/2024/02/2.-Local-Energy-Hubs_-government-briefing-note.pdf
[43] Mallee et al. (2024). Haystacks Solar Garden: Knowledge Sharing Report, https://cpagency.org.au/wp-content/uploads/2024/03/Haystacks-Solar-Garden-Knowledge-Sharing-Report.pdf
[44] Hepburn Energy, Community Electricity Offer, https://www.hepburnenergy.coop/energy-community-offer/
[45] Newstead Electricity Offer, https://flowpower.com.au/residential/newstead-electricity-offer/

down to local substation. Local network tariffs would improve the ROI and take up of shared solar and solar garden projects, and enable broader take up.

- **We recommend that the ISP more explicitly recognise the policy and program settings required to protect and empower consumers in coordinated CER, including government support for consumer education, capacity building, trust-building, and inclusion of renters and other households locked out of CER ownership.** This should include recognition of the need for independent Local Energy Hubs, supporting community-led models such as community solar sharing and gifting initiatives, enabling shared solar and community battery pathways for renters, and progressing regulatory reforms that improve the economics and scalability of local value-sharing initiatives.

Conclusion

To ensure the 2026 ISP delivers a plan that is not only least-cost but socially durable and equitable, Community Power Agency suggest that AEMO should more explicitly integrate social licence, equity and community participation into early-stage planning and policy coordination. This includes:

1. Articulating a clear national narrative and governance framework for social licence, with defined roles for AEMO and federal agencies alongside project proponents.
2. Embedding participatory, ground-truthed community engagement into REZ identification and transmission option development.
3. Incorporating stronger analysis of distributional and equity impacts, including mechanisms to ensure business and industry contribute fairly to grid investment, that disadvantaged households can access and benefit from distributed generation, storage and demand-flexibility markets, and exploring higher energy efficiency adoption scenarios.
4. Establishing a coordinated national target and enabling framework of 2 GW for mid-scale local and community energy that is aligned to identified target for grid-scale generation and storage on distribution networks, supported by

concessional finance, development hubs, streamlined grid access and integration with distribution planning.

5. Addressing the distinction between DNSP-led innovations at a community-scale and community-led, community-owned energy innovations, and engaging directly with community energy groups alongside network operators.
6. Recognising the policy and program settings required to protect and empower consumers in coordinated CER, including government support for consumer education, capacity building, trust-building, and inclusion of renters and other households locked out of CER ownership.

Embedding these measures within the ISP framework would strengthen delivery confidence, reduce social conflict and ensure the benefits and burdens of the energy transition are allocated more fairly across Australian communities.

Contact

Anna Berka
Research and Project Manager
Community Power Agency
anna@cpagency.org.au

Claudia Hodge
Project Manager
Community Power Agency
claudia@cpagency.org.au