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18 October 2023

Gavin Fox  
A/General Manager, Market Performance  
Australian Energy Regulator

Dear Mr Fox,

### Proposal to issue ISP update together with the Draft 2024 ISP

Further to discussions during monthly ISP engagement meetings between our respective teams, AEMO proposes to issue an ISP update together with the Draft 2024 ISP. This will allow AEMO to expeditiously assess feedback loops relating to the three actionable ISP projects from the 2022 ISP:

- HumeLink – With the AER’s contingent project decision on HumeLink stage 1 (part 2) now published, we expect Transgrid to request a feedback loop shortly regarding the balance of project costs.
- Marinus Link – Marinus Link Pty Ltd intends to request a feedback loop on Marinus Link shortly after the AER’s revenue determination on stage 1 (part A, early works), as captured in the key milestones within the revenue proposal.
- VNI West – AEMO anticipates a feedback loop request from Transgrid relating to early works in New South Wales, subject to forthcoming outcome of the AER’s determination on the RIT-T.

The Rules require AEMO to assess the RIT-T preferred option against the most recent ISP (currently the 2022 ISP) which includes any ISP update.

We propose to use the most up-to-date basis for feedback loop assessments, based on the 2023 Inputs, Assumptions and Scenarios Report (IASR) published in July 2023. As you are aware, the necessary ISP update would involve a one stage consultation process (Forecasting Best Practice Guidelines, Appendix B) and the content would be required to include the ‘description and impact’ of any new information (NER 5.22.15).

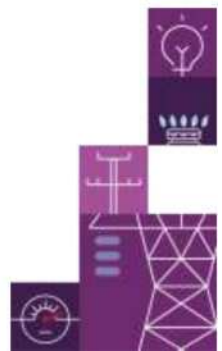
As we have discussed, AEMO has completed significant consultation during the development of the 2023 IASR and update to the ISP Methodology as part of the 2024 ISP process. We therefore consider that any further consultation would not substantially improve an ISP update separate to the development of the Draft 2024 ISP. We thus believe it is an efficient and effective process to issue an ISP update by using the Draft 2024 ISP, scheduled for release mid-December 2023.

Our proposal to issue an ISP update together with the Draft 2024 ISP is consistent with AEMO’s concurrent Draft 2022 ISP and ISP update publication which allowed an expeditious assessment of the HumeLink stage 1 (part 1) feedback loop. We also note that ISP updates for the purpose of assessing feedback loops will no longer be necessary if the AEMC amends the Rules to allow feedback loops to be assessed using the most recent draft or final ISP, consistent with the Commonwealth Government’s pending rule change request and recommendations in the AEMC’s Transmission Planning and Investment Review stage 2 final report.

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I look forward to your confirmation in writing that the approach outlined above is acceptable to the AER. We genuinely believe the extensive consultation for the 2023 IASR forms a robust basis for an ISP update without the need to separately publish and consult on a draft ISP update.

Yours sincerely,

A handwritten signature in blue ink that reads "Eli Pack".

Eli Pack

**Group Manager System Planning**