

# From foresight to action: Priorities for the next phase of Australia's energy transition

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## Introduction

Australia's energy transition continues to shift from debate and design, to delivery. But the uncertainties of the future market – policy, technology, economics, social acceptance - will remain, such that value creation will rely on the capacity to identify and manage these risks simultaneously.

Across our February energy panels in Melbourne and Sydney, leaders from gentailers, networks, developers, market bodies, regulators, government, education and skills providers converged on the same reality: the next era will be won by organisations that can orchestrate customer energy assets at scale, deliver capital and projects under real constraints, earn social licence through genuine partnership, and navigate a regulatory system struggling to keep up with the pace of change.

The question for energy businesses is not whether more change is coming, but whether their strategies, organisations and operating models are built to convert that change into investable decisions, trusted delivery and enduring value.

What follows are practical considerations for the sector, grounded in the issues panel members debated most passionately.

## Delivering capex is becoming the competitive advantage

The scale of the build ahead is immense: higher renewable penetration, much more storage, further electrification (including in new sectors), and new loads like data centres layered onto population growth and industrial change. The point landed repeatedly, the transition is moving from strategic aspiration into delivery reality.

Planning and approvals friction is not just frustrating, it's economically material. It delays projects, shifts financing assumptions and makes final investment decisions harder.

*"The longer you have projects getting caught up in those processes, the harder it is to get things to FID, and the economics will inevitably change."*

For networks, the next decade is not simply "build more". It's build more under uncertainty, and do it in a way that earns legitimacy. For transmission businesses, in particular, the discussion was blunt about emerging contestability. Incumbency cannot be assumed for every major link. Large, long-distance solutions may be intrinsically contestable, pushing asset owners to compete more actively for growth opportunities while managing utilisation and investment risk.

One of the strongest strategic cues was about narrative and positioning. Investment cases must be defensible not only financially, but socially and politically.

*"You've got to learn to talk the language of investment in energy infrastructure being for somebody else's benefit, not yours."*

Deliverability is therefore not just a PMO problem. It is an enterprise capability: portfolio choices, sequencing, procurement, workforce, partner models, engagement and governance rhythms that can move at the speed required.

## Customer energy is now system energy, but orchestration depends on trust

*"In 2005, energy was 'over there'... Solar was just an experiment on the side that didn't really interact."*

That era is gone. Rooftop solar is well and truly "system-significant", household batteries are scaling, and demand-side flexibility is shifting from the margins to the mainstream.

For gentailers and networks, this is no longer “innovation theatre”. Orchestrating distributed energy resources is becoming a core strategic capability, with direct links to customer retention, new products, system services and brand trust.

But the constraint is not the hardware. It’s the customer proposition and the psychology of control.

*“Solar took off because consumers really liked control. That arguably is now becoming a bit of a barrier to people wanting to get involved in VPPs.”*

This is now a highly practical challenge. Participation in VPPs can feel like a loss of control. The language itself can be part of the problem. “No household sees themselves as a power plant”, as one panellist observed. People will engage, but they need clarity, choice, and confidence that participation will not compromise their needs.

The commercial prize is real. So is the trust task. The organisations that win will be those that can translate flexibility into something customers understand and choose, not something they fear.

## Social licence is shifting from engagement to partnership

If capital delivery is the “what”, social licence is increasingly the “whether”. Community acceptance and stakeholder trust are now on the critical path for much of the transition.

Two phrases from the energy panels captured the shift from theory to practice:

*“Moving at the speed of trust.”*

The second was a reminder that credibility is built in person, not from the CBD:

*“You can’t sit in an office... and expect that is actually going to get you the hearts and minds that you need.”*

The message was clear: communities are not homogenous, and trust cannot be manufactured on demand when a project needs an approval. For First Nations communities in particular, participants emphasised that energy is often tied to self-determination and economic aspiration. That shifts the posture required from consultation to partnership.

*“To achieve inclusion, we must shift from co-design to co-decision-making.”*

This idea is pointed and practical. It implies earlier engagement, different governance, different resourcing, and different internal incentives. It also implies getting out from behind process and being present. “It’s really critical that you’re out there actually getting to those communities,” as one speaker put it. That’s not a sentiment. It’s a delivery prerequisite.

For developers and networks, this is increasingly a business model choice: do you treat community as a risk to manage, or as a partner with whom value can be co-created?

## Governance drag is now a real cost and a real risk

The energy panels were unusually candid about the burden created by a rules-based regulatory system trying to keep pace with structural change.

*“The regulatory system is very, very rules-based. We go, ‘Let’s patch a rule here and patch a rule there,’ but the result is governance drag and inefficiency.”*

For gentailers and retailers, the compliance load can become a direct cost and a drag on innovation. For networks and developers, planning and approval complexity compounds project risk and can undermine investor confidence. This is not a call for deregulation. It is a call for smarter regulation that focuses on outcomes, anticipates problems, and uses evidence to test solutions rather than layering patches.

One practical suggestion resonated strongly: proactive sandboxing, designed around the biggest emerging problems rather than waiting for ad hoc proposals. The broader point was that if the system cannot become more responsive, the dynamism of customer and technology change will outpace governance, and the gap will be paid for in delays, cost and public frustration.

The most direct challenge to industry was also clear: if businesses want less reactive intervention, they cannot simply critique. They must be more proactive in articulating what “good” looks like and proposing credible pathways.

## The social contract is fraying, and the transition must work for more people

The transition's benefits are currently uneven. That inequity is not only a moral issue; it is a legitimacy issue, and legitimacy is now a commercial variable.

Regional and remote communities still experience fragile supply and in some cases reliance on diesel generation, with single points of failure. At the same time, many renters and apartment dwellers are structurally locked out of rooftop solar, batteries and electrification options. Meanwhile, the system is also seeing growing tension between customers with very different relationships to the grid, particularly as network pricing debates intensify.

The implication is uncomfortable but important: if the transition is perceived as something that works primarily for those who can afford to participate, public confidence will erode. And without public confidence, approvals slow, regulation tightens, and the cost of capital rises.

In other words, inclusion is not just equity. It is a condition for speed.

## Strategic moves for energy sector leaders

- **Turn capital delivery into a competitive advantage**, with clear portfolio sequencing, workforce capacity planning, supply chain discipline, and delivery governance that holds under cost, schedule and approvals pressure.

- **Make orchestration a core business capability**, and redesign participation so customers retain choice and control while trust is built through clear value, safeguards and transparency.
- **Treat social licence as an investment model**, starting early, showing up locally and consistently, and moving from co-design to shared decision-making where it matters most to communities.
- **Write the investment narrative in public-benefit language**, so programs are clearly framed around customer, community and system outcomes and are defensible to regulators, government and stakeholders.
- **Push for outcomes-focused reform**, including proactive experimentation and well-designed sandboxes that reduce friction, test new approaches, and scale what works across the system.
- **Design for the excluded customer**, including renters, and people in apartments, social housing and remote communities, so benefits are shared more broadly and the transition is legitimate, durable and investable.

Alongside these strategic moves, the energy industry will need to attract and deploy a substantial amount of capital. The strategic moves done well, will provide the potential for significant shareholder returns. Done poorly, risk premiums in energy will rise, shareholder value will be destroyed, and the industry will be unable to attract the capital required. These are challenges the industry must lean into. Ultimately, if we can't solve these challenges in energy, tackling tougher heavy-emitting sectors like transport, agriculture, and manufacturing will be even harder. We must keep putting the shoulder to the wheel.

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