Australian Energy Market Commission



RUL

Consultation paper

National Electricity Amendment (Integrated Distribution System Planning) Rule 2026

Proponents

Energy Consumers Australia (ECA)

Consultation paper IDSP 26 June 2025

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About the AEMC

The AEMC reports to the energy ministers. We have two functions. We make and amend the national electricity, gas and energy retail rules and conduct independent reviews for the energy ministers.

Acknowledgement of Country

The AEMC acknowledges and shows respect for the traditional custodians of the many different lands across Australia on which we all live and work. We pay respect to all Elders past and present and the continuing connection of Aboriginal and Torres Strait Islander peoples to Country. The AEMC office is located on the land traditionally owned by the Gadigal people of the Eora nation.

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Summary

- 1 The National Electricity Market is undergoing a once in a generation transformation from a predominantly fossil-fuelled energy system to one powered by renewable energy. Australian consumers are at the forefront of this transition through record-breaking investment in consumer energy resources (CER).
- 2 Collectively, rooftop solar is the second-largest source of renewable electricity generation in Australia, and the fourth-largest source of electricity generation, making up approximately 12.4 per cent of the country's installed capacity for power supply.¹ Similarly, Australia's electric vehicle fleet has grown from just over 300 in 2011 to close to 300 000 as of December 2024, and is projected to reach around one million EVs by 2027.² Technology advances are also increasingly enabling household appliances to become 'smarter', providing flexibility to shift use to when it best suits the household and grid.
- 3 These changes mean that the traditional centralised energy system, with one-way power flows from suppliers to consumers, is rapidly evolving into a decentralised grid that supports two-way energy flows. The once-clear divide between supply and demand is blurring, creating a more complex but also more flexible system - one that opens up greater opportunities and the potential for lower costs for consumers.
- 4 Realising these opportunities is dependent on the regulatory framework's ability to support the effective integration of CER into the distribution network. The National Electricity Rules (NER) were originally developed before the expansive adoption of CER. Its planning framework was designed at a time when electricity networks only had to bring power to consumers, not away from them.
- 5 A key focus of the Australian Energy Market Commission's (AEMC's) strategic narrative and work plan is to consider long-term market design to ensure our frameworks provide the appropriate planning settings, efficient provision of system services and investment signals for the net zero future.³ As investment in CER continues to move at pace, there is a risk that, under current planning frameworks, distribution network service providers (DNSPs) will not fully take advantage of the new options available to them. The Commission considers it important for the rules to support proactive planning and the effective integration of CER for a net zero future.
- 6 There continues to be a large body of work dedicated to harnessing the potential of CER. The National Consumer Energy Resources Roadmap (roadmap) sets out an overarching vision and plan to unlock CER at scale across Australia.⁴
- 7 Our work supports and complements the roadmap. We have recently made final rule determinations on unlocking CER benefits through flexible trading,⁵ accelerating smart meter deployment,⁶ and integrating price responsive resources into the national electricity market (NEM),⁷ and are currently undertaking a rule change process on real time data for consumers.⁸ We reviewed CER technical standards,⁹ and we are currently undertaking reviews of electricity pricing

¹ Clean Energy Council, Rooftop solar and storage biannual report, 2024, p.2.

² Electric Vehicle Council; State of Electric Vehicles report, 2024.

³ Australian Energy Market Commission, A consumer focussed net zero energy system - The Australian energy Market Commission's vision for our shared energy future, September 2024, p. 7.

⁴ Department of Climate Change, Energy, the Environment and Water, <u>Energy Ministers agree to the National Consumer Energy Resources (CER)</u> <u>Roadmap</u>, DCCEEW website, accessed 10 June 2025.

⁵ AEMC, Rule determination, National Electricity Amendment (Unlocking CER benefits through flexible trading) Rule 2024,15 August 2024.

⁶ AEMC, Rule determination, National Electricity Amendment(Accelerating Smart Meter Deployment) Rule, National Energy Retail Amendment (Accelerating Smart Meter Deployment) Rule, 28 November 2024.

⁷ AEMC, Rule determination, National Electricity Amendment (Integrating price-responsive resources into the NEM) Rule 2024, 19 December 2024.

⁸ AEMC, Directions Paper, National Electricity Amendment (Real time data for consumers) Rule 2025, 30 January 2025.

for a consumer-driven future,¹⁰ and the wholesale demand response mechanism.¹¹

- 8 CER and other distributed energy resources (DER) can support a least cost energy transition, including potentially reducing the need for costly network upgrades. The regulatory framework should facilitate DNSPs planning and investing in their networks in a manner that is efficient and appropriate for a high and increasing CER environment, and should also facilitate efficient CER and DER investment decisions.
- 9 Against this backdrop, we are seeking your views on a rule change request from Energy Consumers Australia (ECA). It submitted the request on 22 January 2025, which identifies potential issues with the existing distribution annual planning process in the NER and has proposed a new planning process to address them.
- 10 This consultation paper is the first stage of our rule change process and seeks your feedback on:
 - the problems raised in the rule change request
 - the proposed solutions
 - how we propose to assess the request to determine if it will promote the long-term interests of consumers.

We are seeking your views on the issues identified by the proponent

- 11 The NER currently contains a distribution annual planning process that DNSPs must follow when planning their networks. It requires DNSPs to undertake an annual planning review, in consultation with certain stakeholders, with the result published in a Distribution Annual Planning Report (DAPR).
- 12 The proponent considers that this process does not adequately account for rapidly evolving distribution networks that support two-way energy flows and the efficient uptake of CER. ECA considers this is due to the:
 - current minimum five year planning horizon, which it considers is too short to allow for strategic planning
 - insufficient availability, granularity and use of data, including smart meter data from small customers to allow for localised planning
 - inadequate engagement with key stakeholders, such as consumers and communities to inform network plans
 - lack of consistency between and interaction between distribution network planning and the Integrated System Plan (ISP).
- 13 The proponent is also concerned that the current distribution annual planning process is failing to encourage greater utilisation of existing infrastructure.
- 14 ECA considers that DNSPs have incentives to understate available network capacity, and that these incentives are not being mitigated through sufficient transparency or oversight of network hosting capacity assessments.

We are also seeking your views on the proposed solution

15 ECA proposes several measures to address the identified issues, including:

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⁹ AEMC, Final Report, Review into consumer energy resources technical standards, 21 September 2023.

¹⁰ AEMC, Discussion Paper, The pricing review, June 2025.

¹¹ AEMC, Consultation paper Review of the Wholesale Demand Response Mechanism, 13 March 2025.

- Establishing a new biennial Integrated Distribution System Plan (IDSP) to replace the existing distribution annual planning process. The IDSP would still require DNSPs to undertake a planning review, but over a longer planning horizon and in consultation with a greater number of stakeholders.
- Alternating the IDSP annually with the ISP to improve consistency in whole of system and distribution planning. This would require DNSPs to adopt the scenarios used in the ISP when planning their networks and explaining any discrepancies in their planning reports and proposed Network Data and Insights Roadmap.
- Requiring DNSPs to increase transparency of their distribution networks and hosting capacity, with new network utilisation metrics. This would require DNSPs to collect and publish greater amounts of data, while potentially providing greater insights into the state of distribution networks.
- Requiring each DNSP to prepare a Network Data and Insights Roadmap. The roadmaps would be published in July 2027 and set out what requirements the DNSPs meet, which ones they do not, and their plans for meeting the requirements over the next seven years.
- Additional benchmarking of DNSPs done by the Australian Energy Regulator (AER). This would include comparisons of the modelling and methodologies used by each DSNP for its IDSP, including best practice approaches and areas for improvement. The AER would be required to assess DNSP compliance with the IDSP.
- 16 The Commission is bound by the National Electricity Law (NEL) and must act in the long-term interest of consumers and only make a rule if it is satisfied that the rule will, or is likely to, contribute to the achievement of the national electricity objective.
- 17 We are seeking stakeholder feedback on how the proposed solutions contribute to achieving the objectives, and if the associated benefits and costs are in the long-term interests of consumers.

We consider that there are five assessment criteria that are most relevant to this rule change request

- 18 Considering the National Electricity Objective (NEO)¹² and the issues raised in the rule change request, the Commission proposes to assess the rule change request against five assessment criteria.
- 19 Please provide feedback on our proposal to assess the request against:
 - Safety, security and reliability would this rule change enable reliable, secure and safe
 provision of energy at efficient cost to consumers over the long term? Would changes to the
 distribution planning process promote the efficient operation and use of, and investment in,
 generation facilities, load, storage, networks and other system service capability?
 - Emissions reduction would changes to the distribution annual planning process efficiently contribute to achieving government targets for reducing Australia's greenhouse gas emissions?
 - Principles of market efficiency would this rule change improve transparency and efficiency in the distribution annual planning process by bolstering and deepening the available information to consumers and other stakeholders?

¹² Section 7 of the NEL.

- Implementation considerations would this rule change balance the cost and complexity of implementation against the benefits of requiring DNSPs to collect and publish additional and more granular distribution network information?
- Principles of good regulatory practice would changes to the amount of distribution network information being published increase simplicity of stakeholder engagements and transparency of the distribution network? Would the rule changes promote predictability, stability, and transparency in distribution network planning? Do they interact constructively with other reforms underway?

Submissions are due by 24 July 2025 with other engagement opportunities to follow

- 20 There are multiple options to provide your feedback throughout the rule change process.
- 21 Written submissions responding to this consultation paper must be lodged with Commission by 24 July 2025 via the Commission's website, <u>www.aemc.gov.au</u>.
- 22 There are other opportunities for you to engage with us, such as one-on-one discussions or industry briefing sessions. See the section of this paper about "How to engage with us" for further instructions and contact details for the project leader.

Full list of consultation questions

Question 1: What are the shortcomings of the current distribution annual planning process?

- Do you agree with ECA that the current distribution annual planning process is no longer appropriate given the increasing adoption of CER and electrification?
- Do you agree with ECA that this is because:¹
 - The current minimum five-year planning horizon is too short, preventing DNSPs from strategically planning their investments?
 - DNSPs could make more effective use of their existing data when conducting their annual planning review?
 - There is a lack of consistency between DNSPs data formats and modelling methodologies?
 - DNSPs lack data strategies to improve data capture and data sufficiency over time?
 - DNSP modelling and planning is insufficiently frequent, granular, and comprehensive to account for the quickly changing network and CER hosting capacity?
 - DNSPs could be more transparently sharing information about network and CER hosting capacity and constraints?
 - The existing distribution annual planning process is incentivising lower utilisation of network infrastructure?
 - There is a lack of consistent, standard and systematic engagement with communities and other stakeholders during the annual planning review?
- Why do you agree or disagree with each of the above issues raised by ECA in its rule change request?
- Are each of these issues material? What would be the costs and benefits of addressing them?

• Are there other material shortcomings in the distribution annual planning process in rule 5.13 of the NER that are not listed above?

Note: ¹IDSP RCR, pp. 2-3 and p. 5.

Question 2: Does distribution network planning need to be further integrated with the ISP?

- Do you agree with ECA's concerns that distribution annual planning reviews are using inputs (e.g. load forecasts) that are inconsistent with the ISP? If so, which of these inputs are inconsistent and do they materially affect distribution planning?
- Are there other shortcomings with how the ISP and distribution annual planning review interact in forecasting the future state of the network?
- How can the distribution annual planning process be amended to improve coordination with the ISP process? What would be the costs and benefits of this approach?

Question 3: How can distribution network transparency be improved, including during network planning?

- Do you agree with the proponent that there is a lack of transparency of distribution networks and the distribution annual planning process? If so, what parts or aspects are not visible to third parties?
- How would improving visibility of these parts or network aspects assist third parties? Would DNSPs publishing more data or datasets help? Is there other information that would be more useful?
- Do you agree with ECA that network users and third parties need more data to invest in CER? If so, what types of data or datasets would help?
- What is the use case for each data type? Are there any limitations of the data?
- What would be the costs of providing this data?

Question 4: Is a new distribution planning process required?

- Do you agree with ECA's proposal to replace the current distribution annual planning process with an IDSP? Would it address the issues raised by the proponent?
- Should each DNSP be required to prepare an individual IDSP every two years?
- · What would be the benefits and costs of implementing the proposed IDSP process?
- Are there also benefits that could flow through to the Transmission Annual Planning Reports and the regulatory investment test for distribution (RIT-D) processes?¹ If so, what are they and how would they flow through?
- Are there any alternative planning processes to the current annual process or proposed IDSP process? Would these better address the issues raised by the proponent?

Note: 1See Appendix A for further information on interrelationships between the distribution annual planning process and other processes.

Question 5: How useful is the proposed data for the IDSP process?

- Would a longer planning horizon lead to more effective distribution network planning?¹
- How long should the planning horizon be? Should it be 10 years like the Transmission annual planning reports and the Electricity Statement of Opportunities?² Or 20 years like the ISP?³ Or should it be for a different period of time? Why?
- Would DNSPs collecting and publishing the proposed data address the issues raised by the proponent, such as improving network visibility?
- How much of the proposed data is currently available from DNSPs? If it is not available, is it possible to make it available either through publication or collection by the DNSPs?
- Is the proposed data at the right level? For example, would there be merit in making data available at the low-voltage distributor level rather than distribution transformer level?
- How should the proposed data be released? Should it be published in the proposed IDSP, a more granular map, a heatmap or an alternative form?

Note: ¹Under clause 5.13.1(b) of the NER the current minimum forward planning period is 5 years. Note: ²NER Rule 5.12.1(c) and 3.13.3A(a). Note: ³NER Rule 5.22.2.

Question 6: Is a new consultation process needed for the distribution annual planning review?

- Do you agree with the proponent that DNSPs should be required to consult with more stakeholders when undertaking their annual planning review?
 - Who are these stakeholders or stakeholders groups?
 - How would consulting with these stakeholders improve the distribution annual planning review?
 - What would be the costs and benefits of requiring greater stakeholder engagement during the annual planning review?
- How should DNSPs consult with their different stakeholders during their annual planning review?
 - What form should this take? Do different stakeholder groups or types of stakeholders require different approaches?
 - How often should this consultation occur? Is there a minimum period that needs to be specified?
 - Is this different from the existing requirements under the NER? How?

Question 7: Is a Network Data and Insights Roadmap the right tool for implementing the proposed IDSP process?

- Do you agree with the proponent that a Network Data and Insights Roadmap would support DNSPs to transition to the proposed IDSP process?
 - Are there alternative approaches that would be better suited than a roadmap? What would be the benefits of an alternative approach?

- Are there any supporting processes needed to ensure the roadmaps are successful? Have these all been identified in the rule change request?
- Is the release date of July 2027 reasonable for DNSPs to produce and release the proposed roadmap if a final rule is made in June 2026?
- How frequently should a DNSP be required to update its roadmap?
- Should there be a requirement on DNSPs to produce a new roadmap following the initial seven-year period? If so, how long should the roadmap be maintained following the initial transition period?

Question 8: Are new guidelines and templates required to standardise the IDSP framework?

- What types of guidelines and templates are needed to support efficient network planning?
 How would they improve network planning?
- Which organisation would be best placed to produce any new guidelines? Should it be the AER as suggested by the proponent or should it be another market body?

Question 9: Are the proposed benchmarking requirements suitable?

• Should the AER be required to regularly publish reports that compare and contrast planning methodologies across DNSPs? If so, how frequently should the reports be published?

Question 10: Are the existing performance metrics for distribution networks no longer useful with the increasing adoption of CER?

- Do you agree with the proposal that alternative performance metrics are needed to reliably measure the performance of distribution networks?
- Are any alternative performance metrics already in use? If not, can they be readily adopted by DNSPs?
- Would alternative performance metrics allow for meaningful comparisons to made between the DNSPs?

Question 11: How frequently and in what form should the proposed IDSP and supporting data be released?

- Does the proposed IDSP report limit the practical use of the data proposed to be collected and made available for consumers? If so, which data sets would be limited?
- What would be the preferred alternative form for releasing any of the proposed data outside of the IDSP report?

• How frequently should data updates be made? Does a different frequency need to be adopted for the various data sets so that they can remain relevant?

Question 12: How should any data privacy concerns be managed?

- Would the proposal for DNSPs to publish data down to the low-voltage transformer level create data privacy issues for consumers?
- How could these issues be addressed? For example, could they be addressed by an aggregation of ten customers?

Question 13: What are your views of the benefits and costs of the proposed solution?

- Do you agree with the proponent's assessment of the costs and benefits of the proposed solution?
- Are there other costs and benefits we should consider when assessing possible solutions for the issues identified by the proponent?
- Do you consider the proposal adequately addresses the issues with the current distribution annual planning process?

Question 14: Assessment framework

Do you agree with the proposed assessment criteria? Are there additional criteria that the Commission should consider or criteria included here that are not relevant?

How to make a submission

We encourage you to make a submission

Stakeholders can help shape the solutions by participating in the rule change process. Engaging with stakeholders helps us understand the potential impacts of our decisions and, in so doing, contributes to well-informed, high quality rule changes.

We have included questions in each chapter to guide feedback, and the full list of questions is above. However, you are welcome to provide feedback on any additional matters that may assist the Commission in making its decision.

How to make a written submission

Due date: Written submissions responding to this consultation paper must be lodged with Commission by 24 July 2025.

How to make a submission: Go to the Commission's website, <u>www.aemc.gov.au</u>, find the "lodge a submission" function under the "Contact Us" tab, and select the project reference code ERC0410.¹³

You may, but are not required to, use the stakeholder submission form published with this consultation paper.

Tips for making submissions are available on our website.¹⁴

Publication: The Commission publishes submissions on its website. However, we will not publish parts of a submission that we agree are confidential, or that we consider inappropriate (for example offensive or defamatory content, or content that is likely to infringe intellectual property rights).¹⁵

For more information, you can contact us

Please contact the project leader with questions or feedback at any stage.

Email:submissions@aemc.gov.auTelephone:02 8296 7800

¹³ If you are not able to lodge a submission online, please contact us and we will provide instructions for alternative methods to lodge the submission.

¹⁴ See: https://www.aemc.gov.au/our-work/changing-energy-rules-unique-process/making-rule-change-request/submission-tips

¹⁵ Further information is available here: <u>https://www.aemc.gov.au/contact-us/lodge-submission</u>

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1 The context for this rule change request

This consultation paper seeks stakeholder feedback on the rule change request submitted by Energy Consumers Australia (ECA) about improving distribution network planning outcomes.

ECA has identified potential issues with the existing distribution annual planning process in the National Electricity Rules (NER) in the context of increasing consumer energy resources (CER) penetration. These may be leading to inefficient outcomes, such as underinvestment in some parts of the network, unnecessary network constraints or inefficient CER investment decisions by consumers. ECA has proposed changes to the annual planning process to make it better informed, more comprehensive and more proactive, so that distribution networks are more likely to maximise consumer benefits and minimise costs.

ECA has also identified possible improvements to transparency and consumer engagement, which could help stakeholders to have more meaningful input in planning and regulatory processes, as well as helping consumers and developers to make better and more informed investment decisions.

The rule change request can be found <u>here</u>.

1.1 Energy Consumers Australia has proposed the rules be changed to improve network planning outcomes

ECA considers that distribution networks are not being planned effectively under the current distribution annual planning process in rule 5.13 of the NER (overview provided in appendix A). ECA has submitted that the current planning process does not result in:

- proactive engagement with communities
- adequate consideration of the uptake of CER
- sufficient incorporation of outcomes of the Integrated System Plan (ISP)
- sufficient data to fully inform the ISP process.¹⁶

Without reform, ECA believes these issues will lead to:

- active communities not contributing to the planning of the local network
- lower utilisation of network assets
- curtailment of energy generated from CER.¹⁷

ECA also considers that there is a need for greater transparency of distribution networks and network planning. It considers that the lack of transparency is preventing more rigorous benchmarking and cross-comparisons of distribution network service providers (DNSPs) by the Australian Energy Regulatory (AER) and interested parties. It also considers the lack of transparency is preventing consumers, communities and other third parties from making informed investments in CER, to the detriment of the investor and the network.¹⁸

1.1.1 The proposed Integrated Distribution System Plan and Network Data and Insights Roadmap

The ECA has proposed addressing these issues by replacing the existing distribution annual planning process with a new biennial Integrated Distribution System Plan (IDSP) process. The

¹⁶ Energy Consumers Australia, Rule change request, *Integrated Distribution System Planning (IDSP RCR)*, pp. 8-13. Available here https://www.aemc.gov.au/rule-changes/integrated-distribution-system-planning.

¹⁷ IDSP RCR, pp. 8-12.

¹⁸ IDSP RCR, pp. 9-12.

IDSP process would require each DNSP to release a planning report every two years, alternating with the ISP. The ECA considers this would allow the IDSPs to both draw on and inform the modelling of the ISP.¹⁹

The IDSP would also require DNSPs to:

- undertake proactive engagement with a broader range of stakeholders, including consumers
- develop more detailed forecasts on the uptake of CER
- publish (in the IDSP or a portal) a range of data on the uptake of CER, network usage and electrification at different frequencies.²⁰

These changes are intended to improve the quality and transparency of distribution network planning. The ECA believes this would benefit consumers and third parties, including through improved utilisation of existing network infrastructure.²¹

The proponent has proposed a Network Data and Insights Roadmap that would support a transition to the IDSP

The ECA is also proposing to require DNSPs to produce a Network Data and Insights Roadmap. DNSPs would be required to outline in the roadmap how they will meet the requirements of the IDSP process over an initial seven-year period. For example, how they will develop the capability to collect and utilise more data at greater spatial granularity as proposed by the ECA.²² This would support the transition from the existing planning process to the IDSP while also allowing for greater accountability of DNSPs.

1.1.2 There are other processes that may be relevant to this rule change request

There are several recent and ongoing rule changes that are relevant for this rule change process:

- final determination and rule to Establish a formal framework for distribution network resilience
- final determination and rule to Improve consideration of demand-side factors in the ISP
- the Real time data for consumers rule change request.

There also several processes being led by other agencies that may have implications for this rule change request:

- the AER's low-voltage network visibility project
- the Australian Energy Market Operator's (AEMO's) ongoing work to develop a CER Data Exchange
- the NSW Transmission Planning Review 2025.

A summary of these rule changes and processes is provided in appendix B.

1.2 We have engaged with stakeholders about this request

The AEMC has engaged with the AER about the overlap of this rule change request with the AER's low-voltage network visibility project.²³ The AER supported DNSPs publishing key information in its Phase 3 final report. The AER also supported key elements of this IDSP rule change request.²⁴

¹⁹ IDSP RCR, p. 14.

²⁰ IDSP RCR, pp. 14-18.

²¹ IDSP RCR, p. 19.

²² IDSP RCR, p. 14.

²³ Further information is available on the <u>AER website</u>.

²⁴ Australian Energy Regulator, Low-voltage Network Visibility Phase 3 Final Report, March 2025, page 5.

1.3 We have started the rule change process

A standard rule change request includes the following formal stages:

- a proponent submits a rule change request
- the Commission commences the rule change process by publishing a consultation paper and seeking stakeholder feedback
- stakeholders lodge submissions on the consultation paper and engage through other channels to make their views known to the AEMC project team
- the Commission publishes a draft determination and draft rule (if relevant)
- stakeholders lodge submissions on the draft determination and engage through other channels to make their views known to the AEMC project team
- the Commission publishes a final determination and final rule (if relevant).

Due to the complexity of the rule change request, we expect that further public consultation will be required prior to the draft determination. This may, for example, take the form of a Directions Paper setting out the costs and benefits of potential solutions. The extended timeframe will allow additional time for the development of policy positions before the preparation of a draft determination.

Information on how to provide your submission and other opportunities for engagement is set out at the front of this document in section 1.2.

You can find more information on the rule change process on our website.²⁵

²⁵ See our website: https://www.aemc.gov.au/our-work/changing-energy-rules.

2 The problem raised in the rule change request

ECA considers that the current distribution annual planning process in rule 5.13 of the NER is not sufficiently proactive to account for the uptake of CER.²⁶ It suggests that this will lead to less targeted network investments that will increase consumer bills while not optimising the network for the future.²⁷

At the same time, Energy Consumers Australia is also concerned that the distribution annual planning process is not adequately coordinated with the Integrated System Plan (ISP).²⁸ It is concerned that without reform, future distribution networks will be unable to meet the consumer demands or the uptake of CER as forecast in the ISP.²⁹

ECA also considers that distribution networks and the planning process need to be more transparent.³⁰ ECA believes greater transparency will assist third parties to make more informed CER investments as they will be able to consider a distribution network's current and future state.³¹

This chapter further outlines each of these problems as set out in the rule change request and seeks stakeholder feedback on:

- the problems raised by ECA
- other potential issues with the distribution annual planning process
- the impact of these issues on the network, other participants and consumers
- any other issues impacting distribution network planning or transparency.

2.1 ECA considers the current annual planning process does not sufficiently account for the uptake of CER

ECA states that the distribution system is the most vital enabler of a low-cost energy transition.³² This is because it contains the infrastructure needed to connect CER, such as new appliances, electric vehicles and solar panels.³³ At the same time, distribution networks are being used in new ways as consumers with CER can now generate and export their own electricity. This is leading to the creation of new services and changes in consumer expectations.

ECA is concerned that these changes in consumer expectations and preferences are not being proactively considered under the existing distribution annual planning process in the NER.³⁴ It believes one of the main reasons is that the existing planning process is not sufficiently frequent, comprehensive, granular or proactive to account for these changes.³⁵

For example, significant changes in demand for distribution services may occur, but these changes may be isolated to certain locations on a distribution network. This may be due to differing rates in the uptake of CER or the future electrification of gas use across a distribution

34 IDSP RCR, p. 8.

²⁶ IDSP RCR, p. 8.

²⁷ IDSP RCR, p. 9.

²⁸ IDSP RCR, pp. 12-13.

²⁹ IDSP RCR, p. 13.

³⁰ IDSP RCR, pp. 11-12.

³¹ IDSP RCR, pp. 4-5.

³² IDSP RCR, p. 7.

³³ IDSP RCR, p. 7.

³⁵ IDSP RCR, p. 8.

network.³⁶ The proponent is concerned that consumers will face untenable increases in energy costs if DNSPs address these types of changes through existing planning practices.³⁷

It suggests these problems are created by the distribution annual planning process':

- minimum planning horizon (section 2.1.1)
- data requirements (section 2.1.2)
- lack of requirements around the use of smart meter data (section 2.1.2)
- requirements for determining a network's capacity and utilisation rates (section 2.1.3)
- current consultation obligations (section 2.1.4).

2.1.1 ECA believes the minimum planning horizon is too short for strategic planning

The proponent considers that the current minimum five year planning horizon in the NER does not align well with the ongoing changes in the load placed on distribution networks.³⁸ It considers that a longer timeframe is needed for a holistic assessment of the changes created by electrification and the uptake of CER.³⁹ The proponent also compares the current planning horizon with the ISP's requirements, but does not further explore the shortcomings of the existing planning horizon.⁴⁰ However, the proponent is concerned that the current process will lead to unsustainable network costs for consumers over the longer term.⁴¹

We are seeking more information on the potential issues created by the current minimum planning horizon to help us evaluate the materiality of the problem raised by the proponent. We ask stakeholders to consider if there are any barriers or incentives that are preventing DNSPs from adopting a longer planning horizon when responding to the questions below. We also note that, in the case of Victoria, the Electricity Distribution Code of Practice requires distribution system planning reports to cover the following five calendar years rather than specifying a minimum planning horizon.⁴²

2.1.2 ECA considers that distribution planning does not make sufficient use of data, including smart meter data

The proponent believes more effective planning is reliant on making effective use of network data, but is concerned that this may not be reflected in current network planning.⁴³ It considers its rule change request is an opportunity to require DNSPs to make more effective use of their data, including any smart meter data they may obtain.⁴⁴ The proponent also considers more data must be published by DNSPs to assist with measuring network performance (section 2.1.3).⁴⁵

The Commission would like to better understand how DNSPs are currently using data when undertaking their distribution annual planning review as required by clause 5.13.1 of the NER. For example, we would like to understand how data is being used to inform forecast loading levels for zone substations and distribution substations, including associated high voltage feeders and low voltage distributors, or any assessment of the factors affecting fault levels. We ask stakeholders

³⁶ IDSP RCR, pp. 8-9.

³⁷ IDSP RCR, p. 9.

³⁸ IDSP RCR, pp. 8-9.

³⁹ IDSP RCR, pp. 9.

⁴⁰ IDSP RCR, p. 9.

⁴¹ IDSP RCR, p. 9.

⁴² Victorian Essential Services Commission (2023), *Electricity Distribution Code of Practice*, Clause 19.4, pp. 78-79.

⁴³ IDSP RCR, p. 1.

⁴⁴ IDSP RCR, p. 1.

⁴⁵ IDSP RCR, p. 11.

to consider both current and future datasets, such as smart meter data, available to DNSPs when responding to the questions below.

2.1.3 ECA is concerned that the current distribution annual planning process fails to encourage greater utilisation of existing infrastructure

The proponent is concerned that there are limited incentives to use existing distribution network infrastructure more efficiently. It considers that this is due to there being an incentive for DNSPs to conservatively estimate their network capacity.⁴⁶ ECA attributes this to:

- DNSPs having an incentive to invest in network capital as it leads to greater shareholder returns⁴⁷
- existing network utilisation metrics not reflecting changes in network usage due to the ongoing uptake of CER⁴⁸
- a lack of standardisation between DNSPs when preparing their hosting capacity assessments.⁴⁹

ECA is concerned there is an incentive for DNSPs to understate their network's existing capacity

ECA is concerned that the NER creates an incentive for DNSPs to understate their network's capacity. It considers this is because lower capacity limits increase the need to build more network infrastructure. This may then increase the DNSP's regulatory asset base, allowing it to recover more revenue from consumers.⁵⁰

ECA considers that despite these incentives being well understood, there remains a lack of transparency on how DNSPs make their capacity assessments (section 2.3). It is further concerned that there is no standardisation between DNSPs on how they make these assessments.⁵¹ ECA considers that there must be reforms to ensure consumers are getting reasonable value from network investments while also allowing the AER to test whether networks are being judicious.⁵²

ECA considers that existing metrics of network utilisation are less relevant as CER uptake increases

ECA is concerned that the growing uptake of CER is not reflected in current network utilisation metrics. It considers that the current metrics are limited by their focus on peak network usage. It argues that this metric cannot provide insights on how to better use the network at any other time and does not reflect the effects of two-way flows of electricity on the network and that other metrics (for example, changes in minimum demand or voltage constraints) are also relevant.⁵³

The proponent is also concerned that the current metric does not provide insights into where constraints are occurring as it considers overall network utilisation is relatively low. It considers that the constraints identified during peak network usage are highly locational specific and relatively infrequent. It is concerned that the existing distribution annual planning process is not sufficiently locational to adequately address these localised constraints or future changes in network usage.⁵⁴

- 47 IDSP RCR, p. 5.
- 48 IDSP RCR, p. 10.
- 49 IDSP RCR, p. 5.
- 50 IDSP RCR, p. 9.
- 51 IDSP RCR, p. 5.
- 52 IDSP RCR, p. 10.
- 53 IDSP RCR, p. 10.
- 54 IDSP RCR, p. 10.

⁴⁶ IDSP RCR, p. 9.

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ECA is concerned that third parties face difficulties in assessing network hosting capacity as there is no standardised approach across DNSPs

ECA is concerned that there is currently no standard approach to assessing a distribution network's hosting capacity, with each DNSP using different data, methods and models.⁵⁵ At the same time, ECA considers that these methods and models are not sufficiently transparent (section 2.3). ECA argues this combination of factors then makes it difficult for third parties to compare capacity assessments and undermines trust in their validity.⁵⁶

How material are the issues that ECA has identified with network utilisation

The Commission is interested in stakeholder views of the rule change request's assessment that the current distribution annual planning process is causing existing network infrastructure to be underutilised. For example, whether stakeholders agree the planning process in the NER incentivises overinvestment or if it prevents the effective measurement of and improvements in network utilisation. We ask stakeholders to consider the materiality of each issue as well as which parts of the NER are causing it when responding to the questions below. We also ask stakeholders to consider any other relevant factors when responding to the questions, such as any related requirements in the NER. For example, the Economic Regulation of Distribution Services set out in Chapter 6 of the NER may be relevant when considering the rule change request's concerns with overinvestment.

2.1.4 ECA is concerned that key stakeholders are not being consulted under the current annual planning process

The current distribution annual planning process does not list communities or consumers as stakeholders that must be consulted during the distribution annual planning review.⁵⁷ Though DNSPs are also not prevented from consulting with communities and consumers, the proponent is concerned that these stakeholders are not consistently engaged. It considers that all DNSPs must consistently engage with communities to ensure their suggestions for the future of the distribution system can be considered.58

The proponent also considers that greater engagement is not only needed with consumers and communities, but also with local governments and gas distribution network providers.⁵⁹ The proponent believes additional consultation by DNSPs with all these groups will inform trends in electrification, the uptake of CER and demand for distribution network services.⁶⁰

The Commission would like to understand how DNSPs engage with communities and consumers when undertaking their annual planning review, and whether this engagement is effective. DNSPs are not currently prohibited from engaging with consumers and communities, but they are also not obliged to. In responding to the questions below, it would be helpful if stakeholders could consider any factors that may be preventing DNSPs from voluntarily engaging with more stakeholders, and the value that further engagement would add. Examples of effective and less effective engagement practices would help the Commission to understand potential causes of engagement issues in the current distribution annual planning process.

⁵⁵ IDSP RCR, p. 5.

⁵⁶ IDSP RCR, p. 5.

⁵⁷ Subclause 5.13.1 (e) of the NER.

⁵⁸ IDSP RCR, p. 12.

⁵⁹ IDSP RCR, p. 16.

⁶⁰ IDSP RCR, pp. 16-17.

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ECA considers there is a need for greater engagement between DNSPs and communities at risk of extreme weather events

The rule change request also raises concerns with the lack of requirement for DNSPs to engage with communities at risk of extreme weather events. It considers greater engagement is needed to improve the long-term energy resilience of these communities.⁶¹

We have recently made a final determination to include distribution network resilience in the NER. This included an assessment of the current engagement framework between DNSPs and communities in the context of resilience. We determined that the existing framework does not require amendment and did not modify it in the final rule. We are not proposing to reconsider this issue as part of this rule change process unless stakeholders provide new information or raise new issues.



Note: ¹IDSP RCR, pp. 2-3 and p. 5.

2.2 ECA is concerned that distribution annual planning reviews are not coordinated with the Integrated System Plan

The ISP provides an integrated roadmap for the efficient development of the National Electricity Market (NEM) over the next 20 years and beyond.⁶² Our recent "Improving consideration of demand side factors in the ISP" rule change means that in future, the ISP will provide more insight into AEMO's assumptions about distribution network development opportunities where these are consistent with the efficient development of the power system.⁶³

While the proponent considers this change will improve consideration of distribution-level factors in the ISP, it is concerned that there remains a disconnect between the planning processes. It is concerned that this risks the future distribution system failing to meet the ambition or assumptions of the ISP.⁶⁴ It believes that this risk is due to the:

- · ISP not being a whole-of-system plan, with the focus on transmission planning
- · ISP and distribution plans having different frequencies, inputs and planning horizons
- ISP and annual distribution plans not being required to compare any similar inputs (e.g. load forecasts) or undertake consistency checks.⁶⁵

The Commission would like to better understand how material any differences are between the ISP and annual distribution plans. It would assist the Commission if, when preparing submissions, stakeholders could consider the:

- respective roles of the ISP and distribution network planning
- · materiality of differences in forecasts between the ISP and annual distribution plans
- recent changes to the ISP process and ongoing implementation by AEMO
- existing mechanisms for coordination between market participants.

Question 2: Does distribution network planning need to be further integrated with the ISP?

- Do you agree with ECA's concerns that distribution annual planning reviews are using inputs (e.g. load forecasts) that are inconsistent with the ISP? If so, which of these inputs are inconsistent and do they materially affect distribution planning?
- Are there other shortcomings with how the ISP and distribution annual planning review interact in forecasting the future state of the network?
- How can the distribution annual planning process be amended to improve coordination with the ISP process? What would be the costs and benefits of this approach?

2.3 ECA considers distribution networks and their annual plans are not sufficiently transparent

ECA is concerned that distribution networks are not sufficiently transparent to third parties or non-network participants. It considers that there is a lack of transparency of both the planning

⁶² Australian Energy Market Operator, Integrated System Plan (ISP), AEMO website, accessed 9 May 2025.

⁶³ Australian Energy Market Commission, Improving consideration of demand side factors in the ISP, Final rule and Final determination, 19 December 2024.

⁶⁴ IDSP RCR, p. 13.

⁶⁵ IDSP RCR, pp. 12-13.

process and its outcomes (i.e. the inputs and outputs). It is concerned that this lack of transparency is preventing:

- consumers, communities and non-network participants from making informed investments in CER (section 2.3.1)
- the AER and interested parties from ensuring networks are being appropriately judicious (section 2.3.2)
- consumers and communities from meaningfully engaging in the planning process (section 2.3.3).

2.3.1 Consumers and non-network participants do not have enough network information to make informed CER investments

The ECA is concerned that without reform DNSPs will have an advantage over non-participants when selecting locations for CER. It is also concerned that other third parties, such as consumers, will not be able to make informed investments in CER. This will then lead to poorer outcomes for consumers, investors and the distribution network.⁶⁶

ECA argues DNSPs are monopoly providers of distribution network services, which provides them with unfettered access to information about hosting capacity and constraints for CER. In comparison, non-network participants rely on information from the DNSPs to identify locations with greater CER hosting capacity and lower access costs. This places non-network participants at a disadvantage when they make a CER investment in competition with DNSPs.⁶⁷

ECA acknowledges that some DNSPs are already addressing this issue by providing access to information such as grid capacity through a network data portal.⁶⁸ ECA further argues that DNSPs must have this information at hand if they are undertaking their own investments in CER. ECA considers that if this is not the case then it would raise concerns on whether consumers can trust their funding is being used prudently and efficiently.⁶⁹

Similarly, ECA is concerned that the value of a third party's investment in CER, such as a consumer purchasing rooftop solar, is dependent on the capacity of the distribution network. ECA provides a theoretical example where a consumer may be able to install a 10 kW rooftop solar system today or only a 5 kW system in three years because of changes in network capacity. An informed consumer would then be able to decide when it is optimal for them to install solar based on these theoretical changes in network capacity.⁷⁰

ECA is further concerned that consumers are paying for the meters that support DNSPs to dynamically determine their network capacity, without benefiting from these insights. It considers consumer funding warrants DNSPs providing reciprocal access to the insights and information they create from the data gathered.⁷¹

⁶⁶ IDSP RCR, p. 11.

⁶⁷ IDSP RCR, p. 11.

⁶⁸ IDSP RCR, pp. 11-12.

⁶⁹ IDSP RCR, p. 12.

⁷⁰ IDSP RCR, pp. 4-5.

⁷¹ IDSP RCR, p. 12.

2.3.2 Third parties are unable to review and benchmark how DNSPs are assessing their networks capacity

The ECA considers that there is currently a lack of transparency in the decision-making process behind DNSP network capacity and hosting capacity assessments.⁷² That is, there is a lack of transparency around the assumptions and models used by DNSPs to assess the capacity in their distribution network to deliver electricity to consumers and host CER. It is concerned that the lack of transparency is coupled with little to no regulation, oversight or policing of the analysis underpinning these assessments. This may undermine trust in these outputs (section 2.1.3).⁷³ It may also hinder the AER and independent researchers from determining if network capital is being spent judiciously, potentially impacting consumer bills.⁷⁴ It may also hinder attempts to benchmark approaches to modelling and assessing network capacity, preventing the identification and adoption of best practice methodologies.⁷⁵

We note that the AER has begun producing annual export service network reports that analyse the performance of DNSPs in providing services for CER to export into their networks.⁷⁶ The 2024 report provided analysis on information such as export capacity, static export limits, and overvoltage and investor technology across the DNSPs regulated by the AER. We ask stakeholders to consider the role of these reports and the information they provide when responding to the questions below.

2.3.3 Consumers and communities do not have enough information to engage in the planning process

The ECA considers that there is insufficient consultation with consumers and communities during the distribution annual planning process (section 2.1.4). At the same time, consumers and communities do not have all the available information such as data, modelling, and forecasting.⁷⁷ This may make it more difficult for them to meaningfully engage during the planning process. The ECA also notes a lack of transparency can prevent community pilot programs such as Electrify 2515 from being run. The ECA notes these programs can improve local energy system planning but are reliant on data sharing. Data must be shared between the DNSP, supporting participants and the local community to allow the benefits of different trial initiatives to be assessed, optimised and then rolled out to the broader community.⁷⁸

Question 3: How can distribution network transparency be improved, including during network planning?

- Do you agree with the proponent that there is a lack of transparency of distribution networks and the distribution annual planning process? If so, what parts or aspects are not visible to third parties?
- How would improving visibility of these parts or network aspects assist third parties? Would DNSPs publishing more data or datasets help? Is there other information that would be more useful?

⁷² IDSP RCR, p. 10.

⁷³ IDSP RCR, p. 5.

⁷⁴ IDSP RCR, pp. 10-11.

⁷⁵ IDSP RCR, p. 5.

⁷⁶ Australian Energy Regulator, *Insights into Australia's growing two-way energy system*, December 2024, p. 5.

⁷⁷ IDSP RCR, p. 7.

⁷⁸ IDSP RCR, p. 7.

- Do you agree with ECA that network users and third parties need more data to invest in CER? If so, what types of data or datasets would help?
- What is the use case for each data type? Are there any limitations of the data?
- What would be the costs of providing this data?

3 The proposal to improve distribution system planning

3.1 Replacing the distribution annual planning process with a more comprehensive Integrated Distribution System Plan

ECA has proposed replacing the current distribution annual planning process in the NER⁷⁹ with an Integrated Distribution System Plan (IDSP) to address the shortcomings outlined in the rule change request (chapter 2). The proposed IDSP is intended to facilitate more comprehensive and transparent distribution network planning in consultation with a broader range of stakeholders. The proposed IDSP would include:

- a biennial planning process that alternates with the ISP (section 3.1.1)
- requirements for more granular data collection to inform modelling and the planning process (section 3.1.2)
- incentives for DNSPs to better use their data to inform demand projections (section 3.1.3)
- requirements for DNSPs to consult with a broader range of stakeholders (section 3.1.4).

The proponent acknowledges that the extent of change it is proposing will require a transition to be successfully implemented. It has proposed to facilitate this through the Network Data and Insights Roadmap (section 3.2.1).⁸⁰

3.1.1 ECA has proposed a biennial IDSP to coordinate distribution planning with the ISP

ECA has proposed DNSPs develop an IDSP every two years, alternating with the ISP (also biennial). This is to allow an IDSP to draw on and feed into the ISP modelling to increase consistency between transmission and distribution planning. In doing so, each DNSP would be required to align its planning approach with the ISP's scenarios, inputs and assumptions or note and explain any misalignment in its IDSP.⁸¹ This approach would address the proponent's concerns with the level of coordination between distribution planning and the ISP (section 2.2), notably the potential lack of consistency.

The proponent has not proposed changing the number of planning reports produced. Each DNSP would still be required to conduct its own planning review and release a planning report. However, the proponent has proposed creating additional guidelines and templates to standardise the IDSP and its inputs across the DNSPs (section 3.2.2).⁸²

Question 4: Is a new distribution planning process required?

- Do you agree with ECA's proposal to replace the current distribution annual planning process with an IDSP? Would it address the issues raised by the proponent?
- Should each DNSP be required to prepare an individual IDSP every two years?
- · What would be the benefits and costs of implementing the proposed IDSP process?
- Are there also benefits that could flow through to the Transmission Annual Planning Reports and the regulatory investment test for distribution (RIT-D) processes?¹ If so, what are they and how would they flow through?

⁷⁹ Section 5.13 of the NER.

⁸⁰ IDSP RCR, p. 14.

⁸¹ IDSP RCR, p. 14.

⁸² IDSP RCR, p. 16.

• Are there any alternative planning processes to the current annual process or proposed IDSP process? Would these better address the issues raised by the proponent?

Note: 1See Appendix A for further information on interrelationships between the distribution annual planning process and other processes.

3.1.2 ECA considers that more granular data collection and modelling can better inform the planning process

The proponent has proposed DNSPs collect more granular data, including smart meter data, to improve the inputs to the distribution planning process and better account for the uptake of CER. The additional data is intended to inform more robust modelling and calculations by DNSPs about the condition of their networks down to the low-voltage transformer, or at least the zone substation level.⁸³ This analysis would be based on a 20-year projection horizon with a 10-year action period.⁸⁴

The proponent considers the longer timeframes would improve network resilience by allowing the identification of communities at risk of long-duration outages further in advance.⁸⁵ The longer timeframes would also address its concerns with the current shorter minimum planning horizon while driving a change in approach by the DNSPs (section 2.1.1). It would also contribute to greater consistency between the IDSPs and ISP, as the ISP has a similar planning horizon.

ECA has proposed increasing the transparency of the data and modelling inputs to the ISP

ECA says in the rule change request that future networks will be digital and data driven.⁸⁶ The digitisation of electrical power distribution systems provides an opportunity for DNSPs to collect more and different types of data. ECA considers that it will be necessary for DNSPs to use more data and use it more effectively to guide their decisions and operations.⁸⁷

At the same time, the ECA has also proposed greater transparency of the data and modelling used by the DNSPs when planning their networks. Greater transparency would be achieved through publication of the proposed Network Data and Insights Roadmap (section 3.1.3) and by requiring the DNSPs to collect and publish the following data:

- CER adoption including but not limited to solar systems, EV and public EV charging stations, and flexible appliances connected within the low-voltage system
- low-voltage consumption,
- low-voltage network power and power quality data,
- · estimates of low-voltage consumption met by low-voltage connected generators,
- · smart meter power and power quality data,
- · change in electrification uptake, including of reticulated gas
- change in energy efficiency
- low-voltage CER hosting capacity during the study year, and throughout the planning horizon, assuming no material changes in hosting capacity

⁸³ IDSP RCR, p.14.

⁸⁴ IDSP RCR, p. 15.

⁸⁵ IDSP RCR, p. 15.

⁸⁶ IDSP RCR, p.7.

⁸⁷ IDSP RCR, p.7.

- best locations for CER at or below the zone substation level in the form of an online network opportunity map
- degree of network utilisation, projections, and a plan for improvement, and any other relevant measures of network constraints
- all other relevant inclusions from the existing Distribution Annual Planning Report requirements.⁸⁸

This data is intended to support greater oversight and benchmarking of distribution networks (section 3.2.3).⁸⁹ It would also allow for the calculation of the proposed utilisation metrics (section 3.2.3), which the proponent considers will provide greater insights into network usage with the uptake of CER.⁹⁰ The data would also be used to support the development of demand projections and modelling by the DNSPs (section 3.1.3).

Additionally, the proponent considers that each IDSP should be required to note any limitations the DNSP faces due to a lack of data or network visibility and how it aims to address these limitations over time. After the initial IDSP, each subsequent IDSP must also note how the methodology has changed from previous versions, and how it compares and contrasts with the methodologies of other DNSPs. This information will also be shared via the Network Data and Insights Roadmap (section 3.1.3).⁹¹

3.1.3 ECA has proposed requiring more robust CER forecasts to improve visibility of network constraints

The proposal would require DNSPs to more frequently update their forecasts of CER growth by:

- Developing projections for CER (e.g. solar and flexible devices such as pool pumps), energy
 efficiency and demand using scenarios in alignment with the ISP's. Projections are to be for
 within a DNSP's service area over the next 20 years.⁹²
- Publishing relevant maps that illustrate the projected state of the distribution network from the present day to at least five years in the future.⁹³
- Including a detailed assessment of CER hosting capacity and distribution network constraints down to the low-voltage transformer level for the next five years across different scenarios that are aligned with the ISP's scenarios.⁹⁴
- Identifying network areas with the greatest need for, and where customers will receive the greatest benefit from, energy storage.⁹⁵

These changes are intended to improve the visibility of distribution networks for third parties (section 2.3). They are focused on improving the identification of network constraints and high benefits locations for the deployment of energy storage.⁹⁶ This will then support consumers, communities and other stakeholders to make more informed investments in CER.

⁸⁸ IDSP RCR, p.14.

⁸⁹ IDSP RCR, p.16.

⁹⁰ IDSP RCR, p. 15.

⁹¹ IDSP RCR, p. 15.

⁹² IDSP RCR, p.18.

⁹³ IDSP RCR, p.18

⁹⁴ IDSP RCR, p.18.

⁹⁵ IDSP RCR, p.18.

⁹⁶ IDSP RCR, p. 18.

Question 5: How useful is the proposed data for the IDSP process?

- Would a longer planning horizon lead to more effective distribution network planning?¹
- How long should the planning horizon be? Should it be 10 years like the Transmission annual planning reports and the Electricity Statement of Opportunities?² Or 20 years like the ISP?³ Or should it be for a different period of time? Why?
- Would DNSPs collecting and publishing the proposed data address the issues raised by the proponent, such as improving network visibility?
- How much of the proposed data is currently available from DNSPs? If it is not available, is it possible to make it available either through publication or collection by the DNSPs?
- Is the proposed data at the right level? For example, would there be merit in making data available at the low-voltage distributor level rather than distribution transformer level?
- How should the proposed data be released? Should it be published in the proposed IDSP, a more granular map, a heatmap or an alternative form?

Note: ¹Under clause 5.13.1(b) of the NER the current minimum forward planning period is 5 years. Note: ²NER Rule 5.12.1(c) and 3.13.3A(a). Note: ³NER Rule 5.22.2.

3.1.4 Increased community consultation for resilience and robust planning

ECA has outlined new stakeholder engagement requirements for the IDSP process to enable community groups to participate directly in planning their local energy system (section 2.1.4. The proposal would require DNSPs to conduct a community and consumer outreach process to inform and improve the IDSP process.⁹⁷ Stakeholders to be consulted under this proposed process would include

- consumers and communities
- consumer advocates
- local and state governments⁹⁸
- non-network service providers and their peak bodies
- gas distribution networks.⁹⁹

Each DNSP would also be required to outline how it will engage with the above stakeholders to:

- Improve the development of forecasts for the future distribution network, including load, generation, storage, and flexible demand (section 3.1.3).
- Develop options for ensuring energy reliance to combat the risk of extended outage due to extreme weather for communities at risk (DNSPs need to outline the methods for identifying these risks and how they will work with these communities).
- Identify ways in which communities would like to be engaged, including the types of information most valuable for them and preferred modes of communication.
- Share initial findings and enable stakeholder feedback from draft analysis.¹⁰⁰

99 IDSP RCR, p. 16.

⁹⁷ IDSP RCR, pp.16-17.

⁹⁸ Local governments are also included in ECA's proposed process to inform electrification rates and assist locations undergoing electrification.

¹⁰⁰ IDSP RCR, pp. 16-17.

The proposal would also require each DNSP to include a risk assessment in its IDSP. The risk assessment would be created in conjunction with communities on the resilience of their network as well as the vulnerability of their network equipment to severe weather. The outcomes of the consultations would be summarised in the IDSP report, including how it has informed changes to any methodologies or outputs.¹⁰¹ The AEMC's final determination on network resilience utilised existing consultation processes in distribution determinations for the assessment of resilience expenditure.¹⁰² Given this, the Commission would like to understand from stakeholders whether there is any material benefit in further exploring this issue.

To allow for continual improvement in the consultation process, the proponent recommends that each IDSP include a summary of lessons learned from the previous two years of stakeholder engagement, and how their methodology and outputs have changed as a result.¹⁰³

Question 6: Is a new consultation process needed for the distribution annual planning review?

- Do you agree with the proponent that DNSPs should be required to consult with more stakeholders when undertaking their annual planning review?
 - Who are these stakeholders or stakeholders groups?
 - How would consulting with these stakeholders improve the distribution annual planning review?
 - What would be the costs and benefits of requiring greater stakeholder engagement during the annual planning review?
- How should DNSPs consult with their different stakeholders during their annual planning review?
 - What form should this take? Do different stakeholder groups or types of stakeholders require different approaches?
 - How often should this consultation occur? Is there a minimum period that needs to be specified?
 - Is this different from the existing requirements under the NER? How?

3.2 Proposed implementation of the IDSP process

The proposal sets out implementation considerations for replacing the existing distribution annual planning process with the proposed IDSP process. To address these considerations, the proponent has put forward a new Network Data and Insights Roadmap (section 3.2.1) that would be developed by each DNSP. Implementation of the roadmap would not involve a mandate for data to be collected and published by a particular year. Rather the proponent considers DNSPs should be required to explain how they:

- curently make use of their data
- plan to increase data collection and share greater insights with stakeholders in the next seven years.¹⁰⁴

¹⁰¹ IDSP RCR, p. 17.

¹⁰² AEMC, Including distribution network resilience in the NER, Final rule, p.28.

¹⁰³ IDSP RCR, p. 17.

¹⁰⁴ IDSP RCR, p. 14.

The proponent considers that standardised approaches will need to be created between DNSPs to reduce implementation costs. The proponent considers this can be achieved through the creation of new guidelines and templates that would be developed by the AER (section 3.2.2). The proposal would also require the AER to undertake and publish benchmarking of the IDSP reports, including how each DNSP complied with the new requirements. This would be in addition to the proposed compliance statements that would be required for each IDSP report. The remainder of this section explores each of these implementation requirements in greater detail.

3.2.1 A Network Data and Insights Roadmap to support DNSPs to develop new data collection capabilities and modelling

As noted above, the proponent considers a Network Data and Insights Roadmap is needed to support the DNSPs to transition to the new IDSP process. Each DNSP would be required to release a Network Data and Insights Roadmap by July 2027.¹⁰⁵ The roadmap would identify how well each DNSP is currently meeting the requirements of the IDSP. Each DNSP would then be expected to outline how they will improve their compliance and capabilities over the next seven years.¹⁰⁶

The proposal would require each roadmap to include:107

- demand (underlying/native and operational)
- installed generation
- stationary storage
- electric transportation
- if practicable, other sources of flexible demand within the distribution network.

The roadmap would specify whether the data supplied by the DNSPs is at the zone substation level or down to the low-voltage transformer level. DNSPs would be required to outline in the roadmap how they intend to provide insights at the low-voltage transformer level if this is not currently possible.¹⁰⁸ DNSPs would also be required to meet all the requirements for the roadmap highlighted in section 3.1.

Question 7: Is a Network Data and Insights Roadmap the right tool for implementing the proposed IDSP process?

- Do you agree with the proponent that a Network Data and Insights Roadmap would support DNSPs to transition to the proposed IDSP process?
 - Are there alternative approaches that would be better suited than a roadmap? What would be the benefits of an alternative approach?
 - Are there any supporting processes needed to ensure the roadmaps are successful? Have these all been identified in the rule change request?
- Is the release date of July 2027 reasonable for DNSPs to produce and release the proposed roadmap if a final rule is made in June 2026?
- How frequently should a DNSP be required to update its roadmap?

¹⁰⁵ This publication date would allow DNSPs approximately one year to prepare the proposed roadmap. This reflects that we are currently required to make a final determination for this rule change process in June 2026.

¹⁰⁶ IDSP RCR, p.18

¹⁰⁷ IDSP RCR, p.18.

¹⁰⁸ IDSP RCR, p.18.

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 Should there be a requirement on DNSPs to produce a new roadmap following the initial seven-year period? If so, how long should the roadmap be maintained following the initial transition period?

3.2.2 New guidelines and templates to improve network planning

Under the proposed IDSP process the AER would be required to develop new guidelines and templates in conjunction with AEMO, DNSPs and stakeholders. The new guidelines and templates would aim to standardise inputs, modelling, methods, and outputs as much as possible.¹⁰⁹

The proponent considers guidelines would be needed for:

- data collection to create standardised datasets
- methodology and outputs for IDSP modelling
- the proposed Network Data and Insights Roadmap.

The proponent considers that this approach would improve the efficiency of creating the datasets and modelling. It would also address the proponent's concerns that it is currently difficult for third parties to compare some of the outputs produced by the DNSPs by making them more readily comparable (section 2.1.3).¹¹⁰ The ECA has also proposed drawing on the AER's existing Better Resets Handbook to inform the requirements for stakeholder consultation, though it does not specify which features should be included.

Question 8: Are new guidelines and templates required to standardise the IDSP framework?

- What types of guidelines and templates are needed to support efficient network planning? How would they improve network planning?
- Which organisation would be best placed to produce any new guidelines? Should it be the AER as suggested by the proponent or should it be another market body?

3.2.3 Improving benchmarking of distribution network performance by the AER

Under the proposed IDSP process, the AER would be required to publish regular reports that compare and contrast IDSP methodologies across DNSPs. These reports must:

- identify best practices and areas for improvement¹¹¹, and
- include a record of each DNSP's compliance with the new requirements¹¹² (section 3.1).

The proposal would also require DNSPs to utilise the data, analysis, and outputs from each IDSP in their five-yearly network resets to minimise costs and ensure consistency between planning and regulatory processes.¹¹³ DNSPs would be required to demonstrate how they have incorporated this information into their network reset. They would also be required to explain any discrepancies between the two processes.¹¹⁴

¹⁰⁹ IDSP RCR, p.16.

¹¹⁰ IDSP RCR, p.16.

¹¹¹ IDSP RCR, p.16.

¹¹² IDSP RCR, p.16.

¹¹³ IDSP RCR, p.16.

¹¹⁴ IDSP RCR, p.16.

ECA considers that the AER and AEMO may need to develop formal guidelines to improve efficiency and enhance comparability between IDSPs (section 3.2.2). It has proposed guidelines for data collection, methodology, and expected outputs.¹¹⁵ The proponent considers the standardisation created by these guidelines would reduce costs for DNSPs and increase the value of the outputs for external stakeholders.

New performance metrics measuring network utilisation

As well as seeking to improve benchmarking of distribution network performance by the AER, ECA has proposed new performance metrics to address issues with increasing network costs and improve network utilisation.¹¹⁶ As part of this updated process, new metrics would be adopted to reflect the shift to a more bidirectional and two-sided distribution network. These new metrics would be Total Energy Throughput Utilisation (TETU)¹¹⁷ and Two-way Power Flow Utilisation (TPFU).¹¹⁸ The proponent considers any new utilisation metric should be calculated at more granular spatial scales or asset-levels within a network than current metrics, to offer a more nuanced picture of utilisation at different times and locations. The proponent highlights that these metrics cannot be accurately calculated without the appropriate data and insights included in the IDSP framework described in section 3.1.

Question 9: Are the proposed benchmarking requirements suitable?

• Should the AER be required to regularly publish reports that compare and contrast planning methodologies across DNSPs? If so, how frequently should the reports be published?

Question 10: Are the existing performance metrics for distribution networks no longer useful with the increasing adoption of CER?

- Do you agree with the proposal that alternative performance metrics are needed to reliably measure the performance of distribution networks?
- Are any alternative performance metrics already in use? If not, can they be readily adopted by DNSPs?
- Would alternative performance metrics allow for meaningful comparisons to made between the DNSPs?

3.2.4 Are there other implementation considerations?

Is a static document the most appropriate format for the information the proponent is seeking?

ECA has proposed the DNSPs publish more granular network data under the proposed IDSP process (section 3.1.2) to improve network visibility and planning outcomes. However, the rule change request does not propose how each of the different data elements are to be published. It

¹¹⁵ IDSP RCR, p.16.

¹¹⁶ IDSP RCR, pp.10-11.

^{117 &}quot;An energy metric focussed on maximising the customer value that is facilitated by a grid connection, in the form of energy imported from the grid, exported to the grid and self-consumed." UTS, 2024 – Reimagining Network Utilisation in the Era of Consumer Energy Resources, p.4.

^{118 &}quot;A power metric focussed on understanding and balancing the level of capacity risk accrued to deliver the network productivity represented in the TETU. This provides visibility of the critical time-of-day and seasonal variations in two-way grid usage that inform how TETU can be maximised." UTS, 2024 – Reimagining Network Utilisation in the Era of Consumer Energy Resources, p 4.

does provide proposals on the types of formats that should be required, such as the IDSP report or a relevant map, but does not clarify which data element should be included in each format.¹¹⁹

The Commission would like to understand the practical limitations of requiring all the data to be published with the IDSP report. We are interested in stakeholder views on what these limitations may be and how they could be addressed. We are also interested in understanding if there are classes of information that would be more useful when provided on a more continuous basis, for example via a portal which is regularly updated.

Question 11: How frequently and in what form should the proposed IDSP and supporting data be released?

- Does the proposed IDSP report limit the practical use of the data proposed to be collected and made available for consumers? If so, which data sets would be limited?
- What would be the preferred alternative form for releasing any of the proposed data outside of the IDSP report?
- How frequently should data updates be made? Does a different frequency need to be adopted for the various data sets so that they can remain relevant?

Is there a data privacy issue?

The Commission considers requiring data down to the low-voltage transformer level, as proposed in the rule change request, could lead to data privacy issues for consumers. The AER also highlights that data privacy issues may arise when providing granular data at the low-voltage distributor level in the Low-Voltage Network Visibility - Phase 3 Final Report.¹²⁰ It recommends considering whether aggregating ten customers at the low voltage level is an appropriate threshold for data privacy. We are interested in stakeholder views on what aggregate number of customers is sufficient to ensure consumer's privacy is protected.

Question 12: How should any data privacy concerns be managed?

- Would the proposal for DNSPs to publish data down to the low-voltage transformer level create data privacy issues for consumers?
- How could these issues be addressed? For example, could they be addressed by an aggregation of ten customers?

3.3 What are the benefits and costs of the proposed solutions?

3.3.1 Benefits: the proposal could support improved planning, facilitate better integration of CER, and reduce long-term electricity costs

Improved planning and availability of data would support consumers of energy to make informed choices and reduce their energy costs

ECA considers that its proposal would increase the availability of information consumers could access to make decisions regarding their energy futures and help facilitate:

¹¹⁹ IDSP RCR, pp. 14 and 18.

¹²⁰ AER - Low-voltage Network Visibility - Phase 3 Final Report, p. 9.

- Reduced Energy Bills and improved return on investments for consumers: Electrification of vehicles and appliances, along with improved integration of CER could reduce electricity distribution costs, resulting in lower consumer bills. As consumers increasingly invest in rooftop solar, batteries, and electric vehicles, a robust planning regime would ensure their assets are effectively integrated and utilised.
- **Greater Engagement and Transparency:** Improved planning and consultation processes would give consumers a stronger voice in shaping their local energy future.

More granular and increasingly available data would help guide developer investments in CER and improve DNSPs' ability to plan their networks to support the efficient delivery of electricity:

The proponent believes that requiring DNSPs to outline the methods, calculations, and data they would use to provide insights about the condition of their networks down to the low-voltage transformer would:

- Improve network visibility and support more efficient planning: Increased data collection
 would enhance real-time understanding of low-voltage networks, allowing DNSPs to manage
 and optimise distribution more efficiently. Access to granular smart meter data would enable
 better forecasting, improved location of batteries and CER as well as smarter non-network
 solutions.
- Lower operational costs and enhanced grid reliability/safety: Strategic integration of CER would reduce the need for costly grid infrastructure upgrades and helps manage voltage and frequency more effectively. Better voltage management and visibility, particularly through smart meter data, would reduce the risk of overvoltage, protecting appliances and extending infrastructure lifespan.

More integrated planning between transmission and distribution would improve the information available to regulators and support policy outcomes:

ECA considers its proposal to introduce biennial IDSPs would allow the IDSP and ISP processes to rotate so that IDSP models can draw on and feed into the ISP modelling to:

- Increase consistency between transmission and distribution planning to inform policy design: More granular data from IDSPs that then feed into the ISP would support more targeted and effective policy decisions.
- **Facilitate the energy transition and lower system costs:** Improved planning could support a faster, more cost-effective transition with more coordinated policy design and regulation.

3.3.2 Costs: the proposed data collection and publication requirements could increase administrative and consultation costs on DNSPs

Costs with the deployment of smart meters and associated infrastructure

The proponent considers that many of the costs required to implement the proposed IDSP framework are already being incurred, including:

• Smart meter data infrastructure: While much of this cost is already being incurred, further investment in infrastructure will be necessary to collect, process, and utilise granular data.

Further costs of implementing the IDSP framework

The proponent considers that DNSPs would also incur costs associated with increasing both the amount and granularity of network data they collect, including costs for publishing and maintaining the data. DNSPs would also incur costs associated with undertaking forecasting, planning, and greater community consultation.

- **Data analysis and reporting as well as forecasting and planning enhancements:** Costs associated with synthesising and vetting existing and new network data are expected as well as the writing and publishing of more comprehensive planning documents. The proponent also considers costs associated with developing improved planning tools, methodologies, and scenario modelling would be incurred.
- Community consultation and administrative costs: Further costs may be associated with enhanced engagement efforts with local communities to better understand their needs and integrate feedback into network planning.

Question 13: What are your views of the benefits and costs of the proposed solution?

- Do you agree with the proponent's assessment of the costs and benefits of the proposed solution?
- Are there other costs and benefits we should consider when assessing possible solutions for the issues identified by the proponent?
- Do you consider the proposal adequately addresses the issues with the current distribution annual planning process?

4 Making our decision

When considering a rule change proposal, the Commission considers a range of factors.

This chapter outlines:

- · issues the Commission must take into account
- the proposed assessment framework
- decisions the Commission can make
- rule-making for the Northern Territory.

We would like your feedback on the proposed assessment framework.

4.1 The Commission must act in the long-term interests of consumers

The Commission is bound by the National Electricity Law (NEL) to only make a rule if it is satisfied that the rule will, or is likely to, contribute to the achievement of the national electricity objective.¹²¹

The NEO is:122

to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to-

- (a) price, quality, safety, reliability and security of supply of electricity; and
- (b) the reliability, safety and security of the national electricity system; and
- (c) the achievement of targets set by a participating jurisdiction-
 - (i) for reducing Australia's greenhouse gas emissions; or

(ii) that are likely to contribute to reducing Australia's greenhouse gas emissions.

The targets statement, available on the AEMC website, lists the emissions reduction targets to be considered, as a minimum, in having regard to the NEO.¹²³

4.2 We must also take these factors into account

The Commission must take into account the revenue and pricing principles set out in section 7A of the NEL in making certain rules.¹²⁴ Relevantly for this rule change request, we must take those principles into account if submissions we receive on this consultation paper require us to consider making rules with respect to the Economic Regulation of Distribution Services set out in Chapter 6 of the NER (section 2.1.3).¹²⁵

Relevantly, the revenue and pricing principles provide that a regulated network service provider should be provided with effective incentives in order to promote efficient investment in a distribution system with which the operator provides direct control network services.¹²⁶

¹²¹ Section 88 of the NEL

¹²² Section 7 of the NEL.

¹²³ Section 32A(5) of the NEL.

¹²⁴ Section 88B of the NEL.

¹²⁵ NEL schedule 1 items 25 to 26J.

¹²⁶ Section 7A of the NEL.

4.3 We propose to assess the rule change against five criteria using our regulatory impact analysis methodology

4.3.1 Our regulatory impact analysis methodology

Considering the NEO and the issues raised in the rule change request, the Commission proposes to assess this rule change request against the set of criteria outlined below. These assessment criteria reflect the key potential impacts – costs and benefits – of the rule change request. We consider these impacts within the framework of the NEO.

The Commission's regulatory impact analysis may use qualitative and/or quantitative methodologies. The depth of analysis will be commensurate with the potential impacts of the proposed rule change. We may refine the regulatory impact analysis methodology as this rule change progresses, including in response to stakeholder submissions.

Consistent with good regulatory practice, we also assess other viable policy options - including not making the proposed rule (a business-as-usual scenario) and making a more preferable rule - using the same set of assessment criteria and impact analysis methodology where feasible.

4.3.2 Assessment criteria and rationale

The proposed assessment criteria and rationale for each is as follows:

- Safety, security and reliability: Is the current distribution annual planning process promoting the efficient operation and use of, and investment in, generation facilities, load, storage, networks and other system service capability? Would this rule change better enable the reliable, secure and safe provision of energy at an efficient cost to consumers over the long term?
- Emissions reduction: Would changes to the distribution annual planning process to facilitate more proactive planning and effective integration of CER contribute to achieving government targets for reducing Australia's greenhouse gas emissions? Would this rule change assist in reaching government targets for reducing Australia's greenhouse gas emissions by promoting greater coordination of CER and utilisation of the distribution network?
- Principle of market efficiency: Is the current distribution annual planning process in the interest of consumers and is it delivering efficient planning outcomes? Can the information provided by DNSPs be more visible? Will publishing and releasing greater amounts of networking information help non-network stakeholders plan their investment in distributed energy resources while accounting for network constraints? Is the frequency of distribution network data updates appropriate to inform consumers and other stakeholders?
- Implementation considerations: What costs do DNSPs incur to collect and publish additional and more granular distribution network information? Will additional data being released likely lead to improved consumer outcomes? What are the implementation considerations of this rule change in relation to related projects such as the AER low-voltage visibility project or the AEMO CER Data Exchange project?
- Principles of good regulatory practice: Would the rule change promote predictability and stability for DNSPs, the AER and consumers regarding distribution network constraints? Does this rule change align with other relevant rule changes? In what form and detail should the interoperability of data between DNSPs network plans be described? Would this rule change promote transparency for stakeholders about where non-network options could be delivered?

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Question 14: Assessment framework

Do you agree with the proposed assessment criteria? Are there additional criteria that the Commission should consider or criteria included here that are not relevant?

4.4 We have three options when making our decision

After using the assessment framework to consider the rule change request, the Commission may decide:

- to make the rule as proposed by the proponent
- to make a rule that is different to the proposed rule (a more preferable rule), as discussed below, or
- not to make a rule.

The Commission may make a more preferable rule (which may be materially different to the proposed rule) if it is satisfied that, having regard to the issue or issues raised in the rule change request, the more preferable rule is likely to better contribute to the achievement of the NEO.¹²⁷

4.5 We may make a different rule to apply in the Northern Territory

Parts of the NER, as amended from time to time, apply in the Northern Territory, subject to modifications set out in regulations made under the Northern Territory legislation adopting the NEL.¹²⁸

The proposed rule would apply in the Northern Territory, as it amends provisions in NER Chapter 5 that apply in the Northern Territory.¹²⁹

The Commission will therefore assess the proposed rule against additional elements required by Northern Territory legislation:

- Should the NEO test include the Northern Territory electricity systems? For this rule change
 request, the Commission will determine whether the reference to the "national electricity
 system" in the NEO includes the local electricity systems in the Northern Territory, or just the
 national electricity system, having regard to the nature, scope or operation of the proposed
 rule.¹³⁰
- Should the rule be different in the Northern Territory? The Commission will consider whether a
 uniform or differential rule should apply to the Northern Territory, taking into account whether
 the different physical characteristics of the Northern Territory's network would affect the
 operation of the rule in such a way that a differential rule would better contribute to the NEO.¹³¹

¹²⁷ Section 91A of the NEL.

¹²⁸ National Electricity (Northern Territory) (National Uniform Legislation) Act 2015 (NT Act). The regulations under the NT Act are the National Electricity (Northern Territory) (National Uniform Legislation) (Modification) Regulations 2016.

¹²⁹ Under the NT Act and its regulations, only certain parts of the NER have been adopted in the Northern Territory. The version of the NER that applies in the Northern Territory is available on the AEMC website at: https://energy-rules.aemc.gov.au/ntner.

¹³⁰ Clause 14A of Schedule 1 to the NT Act, inserting section 88(2a) into the NEL as it applies in the Northern Territory.

¹³¹ Clause 14B of Schedule 1 to the NT Act, inserting section 88AA into the NEL as it applies in the Northern Territory.

A Current Distribution Annual Planning Process

Distribution networks are required to undertake an annual planning review (clause 5.13.1 of the NER). This is intended to identify future network needs based on forecast demand, network performance and planned investments.

The outcomes of the planning review are then captured in a Distribution Annual Planning Report (DAPR) (schedule 5.8 of the NER). Each DNSPs must publish their DAPR setting out the results of their distribution annual planning review for the forward planning period. DNSPs must publish their DAPR by the date specified in jurisdictional electricity legislation or, if no such date is specified, by 31 December. A distribution planning review is typically conducted over a five-year planning horizon, though the NER permit longer horizons.

The AER has published a template for DAPRs to satisfy its requirement to publish a system limitation template under clause 5.13.3 of the NER.

Requirements for DNSPs when planning their networks include:

- information on asset retirements and asset de-ratings
- system limitations for parts of the network, such as sub-transmission lines and zone substations
- · joint planning with other distribution and transmission networks
- engagement with certain stakeholder groups, such as non-network providers.

The DAPR also includes a high-level summary of the DNSP's regulatory investment test (RIT-D) projects (schedule 5.8). A RIT-D is conducted when there is additional demand identified in a section of the distribution network that cannot be met with the current network capacity.

The RIT-D framework has two key components:

- a cost benefit test
- · procedures which include project specification and screening for non-network options.

The RIT-D framework is intended to improve network investments (clause 5.17.1 of the NER) by DNSPs. The RIT-D is applicable in circumstances where a network problem exists and the estimated capital cost of the most expensive potential credible option to address the identified need is more than \$7 million.¹³² Certain types of projects and expenditure are exempt from the RIT-D, including projects initiated to address urgent and unforeseen network issues.

It requires networks to consider non-network options before making further network investments.

Non-network options are alternatives to network infrastructure investments that address capacity constraints in a section of the network. They can be demand response/demand management programs or battery storage systems.

DNSPs are required to conduct joint planning with TNSPs (clause 5.14.1) and with other DNSPs where there are issues that affect more than one network (clause 5.14.2). The joint planning rules are detailed for joint planning projects between DNSPs with TNSPs. For joint planning projects between DNSPs, the joint planning obligations in the rules are less prescriptive.

¹³² AER, 2024 RIT and APR cost thresholds review - Final Determination, November 2024, p. 1.

B Relevant recent rule changes and processes for this rule change process

B.1 Final determination to establish a formal framework for distribution network resilience.

We made a final rule to establish a formal network for distribution network resilience in the NER.¹³³ This more preferable final rule has been made in response to a rule change request from the Honourable Lily D'Ambrosio MP, Victorian Minister for Energy and Resources.¹³⁴

The final rule will require DNSPs and AER to have regard to resilience expenditure factors when proposing and assessing network expenditure.¹³⁵

We considered the need for tailored community engagement requirements in the framework when preparing the rule. Our final determination is that the existing consultation for distribution determinations would apply.

The ECA notes this rule change and considers it to be focused on the expenditure proposal process. It considers that the IDSP framework would complement any changes.

This final rule is part of a larger program of work to improve electricity distribution network resilience. This includes the review on the Value of Network Resilience by the Australian Energy Regulator (AER) for outages lasting longer than 12 hours. The AER concluded this review on 30 September 2024.¹³⁶

B.2 There is ongoing work to create a harmonised approach to CER that may also improve distribution network outcomes

The National Consumer Energy Resources Roadmap was agreed for publication by Energy Ministers in July 2024.¹³⁷ It sets national reform priorities to build national consistency and support a harmonised approach to CER. Implementation of the road map is dependent on a range of actions, including:

- Our final determination to improve consideration of demand-side factors in the ISP,¹³⁸ which will apply to the 2026 ISP process. ECA notes this rule change but has proposed further changes that it considers will further improve the data provided by DNSPs to the AEMO.
- The *real-time data for consumers rule change process*¹³⁹, which will improve consumers' access to their energy data in line with our narrative.¹⁴⁰ We are also seeking input on approaches to enable third-party access to real-time data while ensuring consumer consent has been satisfactorily obtained. A cost-benefit analysis is currently being performed for this rule change request.

¹³³ Further information is available on our website, under project code ERC0400.

¹³⁴ Honourable Lily D'Ambrosio, Victorian Minister for Energy and Resources, <u>Rule change request</u> to account for resilience in the National Electricity Rules capital and operating expenditure factors, 30 July 2024.

¹³⁵ Transitional rules require the AER to develop and publish guidelines by 1 December 2026, while DNSPs must comply with the new planning and reporting requirements starting with their 2028 DAPRs. Victorian DNSPs may also consider the new resilience expenditure factors in their revised regulatory proposals while the AER must take them into account in its final distribution determinations.

¹³⁶ Further information is available on the <u>AER website</u>.

^{137 &}lt;u>https://www.energy.gov.au/energy-and-climate-change-ministerial-council/working-groups/consumer-energy-resources-working-group/national-cerroadmap</u>

¹³⁸ Further information is available on our <u>website</u>, under project code ERC0396.

¹³⁹ Further information is available on our <u>website</u>, under project code ERC0399.

¹⁴⁰ AEMC, A Consumer-Focussed Net Zero Energy System – The Australian Energy Market Commission's vision for our shared energy future, September 2024.

- The AER's low-voltage network visibility project, which was established to investigate how distribution networks could be more transparent to third parties. This AER project initiated in June 2023 and AER published the Phase 3 report on 31 March 2025, outlining the actions the AER will take to ensure third parties have adequate visibility of distribution network data.¹⁴¹ The AER has set out its support for key elements of the proponent's rule change request in the Phase 3 final report, including the IDSP framework and potential data sets that DNSPs should publish.
- The Australian Energy Market Operator (AEMO), in collaboration with AusNet Services, has established a high-level design for a *CER Data Exchange* to facilitate data sharing for consumers, networks, technology providers and industry participants.¹⁴² AEMO will now target the delivery of two priority use cases by May 2027. Creating alignment between the data requirements for network planning and the *CER Data Exchange* will lower the regulatory costs of any changes.

B.3 New South Wales has initiated a review of transmission planning that will also consider the role of distribution network planning

The Honourable Penny Sharpe MLC, NSW Minister for Energy, has authorised an independent review into transmission planning, the *NSW Transmission Planning Review 2025*.¹⁴³

A consultation paper for the review was released in February. It states the scope for the review includes distribution network planning for higher voltage parts of the NSW electricity distribution network that may be suitable for the connection of grid-scale generation and storage.

The review is expected to publish an Interim Report in July 2025 and to conclude in September 2025.

¹⁴¹ AER, Low-voltage Network Visibility Phase 3 Final Report, March 2025.

¹⁴² Further information is available on the <u>AEMO website</u>.

¹⁴³ Further information is available on the NSW Government - NSW Climate and Energy Action website.

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Abbreviations and defined terms

AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
CER	Consumer energy resources
Commission	See AEMC
DAPR	Distribution Annual Planning Report
DER	Distributed Energy Resources
DNSP	Distribution Network Service Provider
IDSP	Integrated Distribution System Plan
ECA	Energy Consumers Australia
ISP	Integrated System Plan
NEL	National Electricity Law
NEM	National Electricity Market
NEO	National Electricity Objective
NER	National Electricity Rules
NERL	National Energy Retail Law
NERO	National Energy Retail Objective
NERR	National Energy Retail Rules
NGL	National Gas Law
NGO	National Gas Objective
NGR	National Gas Rules
Proponent	The proponent of the rule change request, see ECA
RIT-D	Regulatory investment test for distribution
RIT-T	Regulatory investment test for transmission
TNSP	Transmission Network Service Provider