

Integrated distribution system planning

We have published a consultation paper seeking your feedback

The Australian Energy Market Commission (AEMC) has published a consultation paper in response to a rule change request from Energy Consumers Australia (ECA). The request proposes changes to the distribution planning process to make it better informed, more comprehensive, and more proactive.

We are seeking stakeholder submissions to the consultation paper by **24 July 2025**

We have extended the rule change process to facilitate greater interrogation of the issues and proposed solutions

The Commission considers that additional public consultation will be required for this rule change process due to the complex issues that ECA has raised in its rule change request. ECA's proposed solution would also significantly change the current distribution planning process. As such, we have extended the time for the draft rule determination by 6 months to allow us to further investigate the problems ECA has identified and assess solutions. We are now required to publish the draft determination by 19 March 2026.

ECA consider that the current distribution system planning process is no longer fit for purpose

The National Energy Market is undergoing a once in a generation transformation as it transitions to net zero, underpinned by significant investment by consumers in consumer energy resources (CER). Collectively, rooftop solar is the second-largest source of renewable electricity generation in Australia (behind wind energy generation), 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 Well-integrated CER presents an opportunity to support a least cost and faster energy transition, system reliability, and to reduce consumers' energy bills.

Against this backdrop, the ECA has submitted a rule change request which identifies potential issues with the existing distribution annual planning process in the NER and has proposed a new planning process to address them. ECA considers that distribution networks are not being planned effectively under the current distribution annual planning process to effectively integrate and coordinate this uptake in CER. Poor planning may be leading to inefficient outcomes, such as underinvestment in some parts of the network and unnecessary network constraints. ECA considers 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.

The ECA is also concerned that key stakeholders are not being consulted effectively under the current planning process. It considers that without reform, this issue could lead to:

- active communities not contributing to the planning of the local network
- lower utilisation of network assets

¹ Clean Energy Council, *Rooftop solar and storage biannual report - July-December 2024*, 17 March 2025, p.2.

- curtailment of energy generated from CER.

The proponent argues that without change, future distribution networks will be unable to meet consumer demands or the uptake of CER as forecast in the ISP, and that the benefits of investment in CER will not be fully realised.

ECA recommends replacing annual distribution plans with a more comprehensive Integrated Distribution System Plan

ECA has proposed changes to the 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. It proposes replacing the current distribution annual planning process in the NER with an Integrated Distribution System Planning process.

The proposed Integrated Distribution System Plan (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
- requirements for more granular data collection to inform modelling and the planning process
- incentives for DNSPs to better use their data to inform demand projections
- requirements for DNSPs to consult with a broader range of stakeholders.

ECA also considers a Network Data and Insights Roadmap is needed to support the DNSPs to transition to the new IDSP process. 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, starting from 1 July 2027.

The Commission welcomes feedback on the proposed IDSP framework and other implementation design questions in the consultation paper, such as the most appropriate format for the information the proponent is seeking.

We encourage you to provide your feedback

Stakeholders are invited to make submissions to the consultation paper. Written submissions responding to this consultation paper must be lodged with the Commission by 24 July 2025.

To make a submission go to the Commission's website, www.aemc.gov.au, find the "lodge a submission" function under the "Contact Us" tab, and select the project reference code ERC0410.

For information contact:

Project Leader submissions@aemc.gov.au

Media enquiries: media@aemc.gov.au

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