

Integrated distribution system planning

We have published a directions paper seeking your feedback

The Australian Energy Market Commission (AEMC) has published a directions paper in response to a rule change request from Energy Consumers Australia (ECA). We consider that the current distribution annual planning process is no longer driving efficient investment in distribution network services. We have proposed three policy options, each of which we consider would improve distribution network planning in the long-term interest of consumers.

The purpose of the directions paper is to outline and seek feedback on our proposed policy options, including whether stakeholders have a preferred option. This will then inform our policy approach for the draft determination and rule.

We have identified emerging challenges for the distribution annual planning process

The National Electricity Market (NEM) is undergoing a once in a generation transformation, underpinned by significant investment by consumers in consumer energy resources (CER). This is leading to changes in how distribution networks are used, and creating a more complex, but also more flexible system. We consider that these changes are creating two emerging challenges for the current distribution annual planning process:

- Emerging challenges for long-term distribution network planning, such as increasing uncertainty and complexity when planning a network over a 20-year period.
- Limited information is available for the low-voltage distribution network, such as hosting capacity below the zone substation.

While distribution network service providers (DNSPs) have begun independently addressing these issues, this is leading to different distribution planning and data reporting approaches in the NEM. We consider a rule change is needed to:

- improve the effectiveness, consistency and transparency of the long-term network planning DNSPs currently undertake for their distribution networks.
- address the issues with existing data collection and disclosure obligations while also creating consistent low-voltage data collection and reporting arrangements across all DNSPs.

We consider that improving the existing distribution annual planning process would help distribution network users, including consumers, to understand how the distribution network is expected to change in future. They would then be better placed to make informed and efficient investments in CER.

Improving the collection and disclosure obligations for data would support the DNSPs to provide updates as more information becomes available through new devices such as smart meters and inverters. This would then allow CER investors and consumer agents to more readily engage with distribution network data across the NEM.

We have proposed three different policy options to address the network planning challenges

The key features of our three proposed policy options are:

1. Implement a new strategic planning process to directly address the emerging challenges in distribution planning, while also reforming the existing distribution annual planning process to improve transparency and data availability.
2. Reform the existing distribution annual planning process to not only improve transparency and data availability, but also provide a longer-term plan for DNSPs' distribution networks.
3. Replace the existing distribution annual planning process with a new strategic planning process while also improving transparency and data availability.

We consider that each of these options would create an effective, consistent and transparent process for long-term distribution network planning in the rules. We would like to explore these options with stakeholders and receive their feedback.

We are proposing new distribution network data reporting arrangements

We are also proposing that DNSPs would have to fulfil amended distribution network data reporting requirements under each of the three policy options. We consider that the details of this amended network reporting requirement would be best determined through AER guidelines. We have adopted this approach as we consider it strikes the right balance between improving the quality of distribution network data collection and publication under the National Electricity Rules while providing flexibility to accommodate any changes in data availability or technology.

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 13 November 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:

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16 October 2025