Hon Lily D'Ambrosio MP

Minister for Climate Action
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Dear Anna Collyer

Directions Paper – National Electricity Amendment (Integrated distribution system planning) Rule 2026

Thank you for the opportunity to make a submission on behalf of the Victorian Government to the Australian Energy Market Commission's (AEMC) *Integrated Distribution System Planning (IDSP)* Directions Paper. The Victorian Government welcomes this rule change process and continues to be strongly supportive of improving distribution network planning and increasing low-voltage network visibility.

Distribution network planning
The Victorian Government recognises the limitations in the current approach to distribution planning. While this approach was fitting in the past, in a high distributed energy resources (DER) environment with increasing levels of electrification of homes, business and transport, it is no longer fit for purpose. The 5-yearly Electricity Distribution Price Review process limits distribution networks service providers (DNSPs) to a maximum 5-year forward outlook considering only their own network area and needs, rather than taking a holistic view of all distribution networks in Victoria. It misses opportunities to optimise the role of distribution networks in the transition. The Victorian Government supports the direction that the AEMC is taking, and is supportive of a more strategic, longer term planning approach that considers the interaction of the distribution network with the transmission network while minimising duplication of expenditure and reporting.

DER are expected to play an increasing role in the transition, with rooftop solar now having the highest generation capacity in Victoria[1]. Key opportunities arising in the distribution network include:

- coordination of storage to provide supply, flexibility and system support services
- capacity for vehicle to grid (V2G) in the longer term
- opportunities highlighted in the Centre for New Energy Technologies' (C4NET) Enhanced System Plan project.

In order to unlock the maximum value from these opportunities, DNSPs need to transition to a broader role as an active distribution system operator. This transition is aligned with national reforms underway through the National Consumer Energy Resources (CER) Roadmap.

Visibility of low-voltage network data
The Victorian Government has consistently advocated for increased third party access to network data, including through several submissions to AEMC and Australian Energy Regulator (AER) processes over a 5-year period:

- *AEMC DER Integration – updating Regulatory Arrangements* consultation paper in 2020
- *AEMC access, pricing and incentive arrangements for distributed energy resources* draft determination in 2021

[1] AER's State of the Energy Market report, August 2025

- *AER Network Information Requirements Review* discussion paper in 2022
- *AER Incentivising and Measuring Export Service Performance* draft report in 2023
- *AER Benefits of Increased Visibility of Networks* consultation paper in 2023
- *AER Electricity Distribution Determination for 2026-31* issues papers in 2025

Notably, the Victorian Government also facilitated the only trial of data availability under the Network Visibility for Market Planning project of the AER, supporting the AER to work with Victorian neighbourhood battery proponents and the 5 distribution businesses to assess the costs and benefits of provision of low voltage network data. The AER's final report concluded that it supports changing the National Electricity Rules to ensure DNSPs publish key information that they possess.

Low-voltage network data held by DNSPs is needed to identify optimal locations to efficiently deploy DER technologies and non-network solutions. Current inconsistencies in the availability of the required data, and lack of transparency in processes to access it, prevents real competition and market innovation. Public provision of network constraint information on the low-voltage network is required in a consistent, accessible and timely manner, to unlock innovation and better serve the long-term interests of energy consumers.

The Victorian Government has heard from electric vehicle (EV) charge point operators (CPOs) that one of the biggest bottlenecks is the lack of information on low-voltage network opportunities and constraints provided by distribution businesses in Victoria. Information on local network capacity and available connection points is often limited and inconsistent between distribution businesses. In many cases, CPOs only learn about local network limitations after they have submitted a connection application, which creates costly delays and uncertainty. This lack of transparency makes it difficult for the private sector to identify optimal charging sites. Without upfront network capacity data, CPOs face significant risks of unexpected and costly upgrades or connection refusals, causing delays, undermining the commercial viability of projects and increasing the risk of capital outflow.

Victoria's Neighbourhood Battery Initiative (NBI) and 100 Neighbourhood Batteries Program found that proponents face significant delays in accessing network constraint data that would underpin competitive siting of their batteries to provide network services, which has forced many projects to be installed 'behind the meter' to avoid delays and the need to negotiate with DNSPs. This has compromised the full suite of value stream benefits offered by the battery and the overall benefits that can be delivered to consumers.

The significant forecasted growth in DER and EV uptake will require frequent and regular review of evolving data requirements, to help address the dynamic nature of the energy section transition. Data transparency is increasingly important as our energy system modernises, consumer preferences change, and DER are increasingly able to offer efficient solutions for new markets and services.

The Victorian Government strongly supports regulating the provision of data on the low-voltage network, where significant gaps that limit third-party access to competitive markets and efficient investment currently occur. Regulation via a rule change will promote a systemic, consistent, and long-term solution to network data provision for all network users. This will encourage DNSPs to continue building on their own existing systems while ensuring standardisation between inputs and methods so outputs can be directly compared by third parties.

Leveraging Victoria's advanced capabilities

The Victorian Government welcomes the commitment of the Victorian DNSPs to voluntarily provide datasets to third parties, such as neighbourhood battery proponents and virtual power plant (VPP) providers. While significant progress is being made, inconsistencies remain between networks in the types of information they provide. Regulation is required to establish clear obligations for DNSPs to increase the visibility of their low-voltage networks, as well as certainty about what information they are required to provide.

It is anticipated that the provision of additional low-voltage network data, such as the datasets identified in AEMC's IDSP consultation paper, will not require significant additional resourcing by

Victorian DNSPs. Victorian DNSPs have the advantage of excellent visibility of the low-voltage network due to the near-universal roll out of smart meters. DNSPs already collect and use this data in their own operations, including for network planning and for preparing their Electricity Distribution Price Review proposals. The datasets proposed in the consultation paper align with data DNSPs have provided to Victorian Government-funded neighbourhood battery proponents, albeit in an inconsistent manner, and should be consistently made available.

The Victorian Government recommends that the AEMC and the AER consider obligations that leverage the existing strengths of jurisdictions (for example Victoria, which currently has comparatively greater visibility of its low-voltage networks) while providing a pathway for other jurisdictions to gradually meet these obligations over time as smart meter penetration increases and DNSPs' data capabilities improve.

The Victorian Government strongly supports these critical reforms that seek to improve the effectiveness and transparency of distribution network planning, ensuring that distribution networks continue to meet the needs of consumers. The Victorian Government will continue to consider the opportunities presented by this proposed reform and will engage with the AEMC as this rule change process progresses, including following the release of the Draft Determination in March 2026.

Thank you again for the opportunity to provide feedback on this Directions Paper. If you would like to discuss any of the issues raised in this submission further, please contact Claire Maries, Director, Networks and DER Integration, DEECA at claire.maries@deeca.vic.gov.au.

Yours sincerely

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