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## **Directions paper - Integrated Distribution System Planning**

Endeavour Energy appreciates the opportunity to provide this response to the AEMC's [Integrated Distribution System Planning \(IDSP\) Directions Paper](#) (the paper) which proposes new information reporting obligations to improve stakeholder access to network datasets. It also examines three options to introduce a new planning process to better encourage strategic network planning required to support electrification and consumer energy resource (CER) uptake. These options are:

- **Option 1:** Introduce a strategic planning process over a 20-year horizon that requires distribution network service providers (DNSPs) to submit a strategic plan with their regulatory proposals. The existing annual planning process will be reformed to focus on current network conditions and short-term constraints.
- **Option 2:** Expand the existing annual planning process to incorporate strategic planning elements over a 10-year planning horizon. A separate strategic report aligning to regulatory proposals would not be required.
- **Option 3:** Consistent with Option 1 but the distribution annual planning process would be removed and DNSPs required to disclose major project developments, joint planning outcomes and progress to the strategic plan in an annual update.

We believe effective distribution network planning is integral to supporting the energy transition as it guides investment decisions that enable CER to be efficiently integrated into the grid. Improving network data transparency and collaborative planning processes are both key to achieving this as they help ensure network capacity is efficiently utilised and enabling investment is delivered on time and at least cost.

For instance, the NSW DNSPs have recently collaborated to release the Distribution System Plan Opportunities Report, highlighting the importance of bottom-up, DNSP-driven strategic planning. This approach supports a comprehensive, whole-of-system perspective by integrating both distribution and transmission planning, allowing for co-optimization and ultimately delivering the best possible outcomes for consumers.

In our submission to the consultation paper, we discussed several ways we are working with industry to promote opportunities to quickly and cost-effectively connect large capacity generation to improve utilisation of the existing network. We also explained how our planning approach has evolved to include electrification and CER forecasts.

We also highlighted the emergence of online network opportunity maps to make current and forecast constraints more transparent and useful to stakeholders. As DNSPs integrate smart meter data and enhanced analytical capabilities to improve spatial and temporal resolution, these maps will continue to displace the distribution annual planning report (DAPR) as the preferred source of network information.

Given these developments, we suggested stakeholders would be better served if the DAPR was replaced with a tiered process that allows DNSPs to report qualitative information (e.g. planning approach, forecasting methodologies, updates on major projects) separate to data on network constraints and hosting capacity presented via online opportunity maps.

The changes presented by the AEMC would give effect to this suggestion and represents a step in the right direction by shifting the focus towards providing network transparency through dynamic, high-quality datasets and not static documents that command significant resources to produce but are difficult to engage with. Our feedback on key issues discussed in the paper are outlined in the sections below.

### Strategic distribution planning process

A strategic planning process should provide stakeholders a clear understanding of a DNSPs long-term projections and how they plan to respond these changes. Establishing a consistent forecasting approach can address concerns that DNSPs could be adopting different methods to account for the increasing uncertainties created by the energy transition, and provide assurance that DNSPs are planning for future scenarios using projections that align with industry expectations. To facilitate consistency, we consider:

- Extending the planning horizon to 20 years would improve alignment between DNSP planning and the Integrated System Plan (ISP) and allow DNSPs to leverage the work undertaken in collaboration with the Australian Energy Market Operator (AEMO) to better incorporate the distribution network into its ISP modelling.
- Scenario analysis would promote a consistent approach to developing forecasts across a selection of future network states is likely the most practicable way to account for uncertainties that could arise as we progress through the energy transition.
- Anchoring forecasts to ISP scenarios aligns well with current forecasting practices and helps fill gaps where local data is insufficient to derive long-term forecasts. However, DNSPs should retain flexibility to override AEMO's Input, Assumptions and Scenarios Report (IASR) where site-specific insights offer more robust forecasts, particularly in support of projects included in Regulatory Investment Test (RIT-D) assessments or regulatory proposals, where declaring adjusted inputs would be most appropriate.
- For forecasts to be useful they need to be developed on a consistent basis. The AER is best placed to provide forecasting guidance by adapting its existing best practice document. However, the document is currently tailored to large regional forecasting and so substantial revisions will be needed to address the unique challenges of distribution network forecasting.

The paper also proposes to include the strategic planning process purpose in the rules to provide greater clarity and consistency in its implementation and help DNSPs design and execute their planning processes in a way that achieves the intended outcomes.<sup>1</sup>

Whilst we are comfortable with the proposed definition, it is unclear whether it will be accompanied by a new set of prescriptive requirements (beyond those discussed above) and how extensive these might be. We also encourage the AEMC to consider how the strategic plan would associate with the various strategies

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<sup>1</sup> AEMC, Directions Paper - Integrated distribution system planning, October 2025, p.19: "To require DNSPs to plan efficient investment in those electricity network services that maximise the long-term interests of consumers under a credible range of scenarios."

used to inform category-level investment in a regulatory proposal. In particular, there may be a risk of duplication arising from overlap with the CER Integration Strategy which already provides stakeholders an array of analysis, forecasts and insights to support an effective long-term approach to CER integration, in line with the AER's requirement that DNSPs demonstrate foresight in planning for the continued uptake of CER and its impact on the operation of their network.

We also have reservations that the AEMC's expectations on the type of information DNSPs will need to include in their strategic plans may be more detailed than what we consider is typically detailed within strategic documents. For instance, the paper states:<sup>2</sup>

*It (20-year planning horizon) will indicate sites, routes and easements that will need to be acquired over time, and show network projects that can be brought forward if demand increases more rapidly than currently anticipated.*

This suggests that DNSPs will need to not only forecast network conditions over a 20-year planning horizon, but also identify project-level interventions needed across each scenario. It would be a challenging and resource intensive task for planners to develop a pipeline of prospective projects extending over several regulatory periods to account for each possible future network state (and likely to be of low reliability).

In our view, the strategic plan should instead set out a long-term vision for how DNSPs will evolve to meet future customer needs and system challenges. Rather than detailing a project pipeline, it should serve as a blueprint for guiding investment decisions, aligning individual asset strategies with corporate objectives, and ensuring the network remains safe, reliable, affordable, and ready for the energy transition.

Any new strategic planning process should be capable of feeding into other network planning frameworks — such as the ISP and NSW Transmission Planning Review reforms — to ensure it adds meaningful value rather than adding to an already crowded planning landscape. Without clear alignment, there is a risk the strategic planning process could lead to increased duplication, complexity, and stakeholder confusion.

### Alignment with regulatory proposals

It is sensible for the strategic planning process to be undertaken as part of the regulatory proposal process. Having a clear line of sight to regulatory proposals would:

- Provide stakeholders a clearer understanding of how proposed expenditure for the forthcoming regulatory period will contribute towards achieving the DNSPs long-term vision for the network and future needs of customers.
- Enable DNSPs to draw on the extensive consultation processes undertaken during proposal development, giving stakeholders meaningful input into strategic plans without contributing to engagement fatigue.

However, we see little benefit in updating strategic plans after a regulatory determination noting adjustments could dilute the strategic intent of the plan and introduce unnecessary administrative burden. The strategic plan should inform the regulatory proposal, not be revised in response to it. This sequencing ensures that the strategic plan serves as a foundation for investment decisions, rather than being retrofitted to match regulatory outcomes which are focused on a shorter-term horizon.

Furthermore, we believe regulatory barriers preventing the Australian Energy Regulator (AER) from approving investment that is consistent with the purpose of the strategic planning process risks undermining the value of the process. Specifically, when making regulatory determinations the AER is confined to assessing the demand for distribution services over the next regulatory period. As such, their decisions may

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<sup>2</sup> AEMC, Directions Paper - Integrated distribution system planning, October 2025, p.21

not facilitate strategic or anticipatory investment that supports the long-term needs of the network at lowest cost but is not immediately required in the short-term (e.g. where investing once is more efficient than sequenced multiple expenditures).

This regulatory roadblock requires urgent attention as more network investment will be required “ahead of need” in readiness to deliver sufficient capacity to facilitate rapid electrification and CER trends, improve connection processes, secure the long-term resilience of networks and meet net zero targets.

This could in part be addressed by reviewing the expenditure factors in the rules to ensure the AER pays due regard to a DNSP’s long-term strategic plans. Introducing a forward looking expenditure factor would counterbalance the existing factor that requires the AER to consider expenditure in the previous regulatory period and reduce the risk of allowances being anchored to historical network conditions and outcomes rather than future system requirements.

Finally, preparing a strategic plan for our 2029-34 regulatory proposal would present a challenge for us as we have already started to develop our consultation program, plans and supporting artefacts and therefore are unlikely to benefit from AER guidance on the strategic planning framework. This misalignment means that our regulatory submission will need to proceed without the clarity and consistency that the proposed strategic planning framework is intended to provide, potentially limiting its effectiveness and integration with future planning expectations.

### Network data reporting guidelines

Network opportunity maps are now the preferred way to access network information reported in the DAPR to inform optimal locations for new connections, and to identify opportunities for non-network solutions to support efficient network management. New network data reporting requirements should aim to promote consistency in these maps to make it easier for stakeholders to use, whilst being mindful of the additional cost to DNSPs of providing it.

With respect to the AEMC’s proposed approach for implementing these requirements, we consider:

- It is appropriate for reporting requirements to be set out in an AER guideline to allow for ongoing updates as network visibility improves and industry data needs evolve without requiring a formal rule change process.
- DNSPs are at different stages of publishing network data through interactive maps. The guideline should account for these capability difference in addition to variation in smart meter penetration and data access arrangements which may prevent them providing a consistent level of data transparency and reporting performance across the low-voltage network.
- Testing the value of potential use cases will be is critical to ensure that data requirements focus on what stakeholders genuinely need to enable decision-making, rather than requiring DNSPs to collect, process and report data that’s merely “nice to have”.
- In addition to the type of information reported, it could be desirable for the AER guideline to encourage consistency in portal functionalities, level of network granularity, frequency of data updates, and the forward forecast period.

Regarding the forward forecast period, increased forecasting uncertainty later in a 20-year planning horizon can make it difficult for connection applications and non-network proponents to draw meaningful insights or identify reliable investment signals, ultimately reducing confidence in the DNSPs long-term planning projections. This could be mitigated if forecasts presented to users in these maps were limited to a 10-year horizon where network conditions can be more reliably predicted.

## Reforming the DAPR

The value of the DAPR lies predominantly in the network datasets that provide a “snapshot” of current and anticipated network constraints rather than the qualitative and contextual content which requires a disproportionate amount of effort from planners to produce. With standards for the provision of these datasets determined through new AER reporting requirements, it is pertinent to reconsider what residual information in the DAPR is genuinely valued by stakeholders and should continue to be reported on an annual basis.

Each of the options propose different reforms to the existing annual planning and reporting framework. In our view, there is a strong case to reduce these requirements, and consequently our preference is for a transition to a strategic planning process conducted every five years, accompanied by either a reformed version of the DAPR (as outlined in Option 1) or removal of the DAPR (as proposed in Option 3).

Our primary concern with Option 1 is that it offers less clarity on the opportunities to streamline the current planning process that are needed to offset the additional obligations introduced by the new strategic planning process and AER guideline. Option 1 could also exacerbate emerging resourcing pressures generated by other planning reforms, increased joint planning and new data requirements. Without a significant narrowing of the DAPR’s scope, we would be concerned that the overall reporting burden arising from the combined implementation of two planning frameworks would outweigh the practical benefits delivered by them.

In contrast, Option 3 provides greater confidence that it would not add potentially duplicative or low value processes and reports to the already congested network planning landscape. Although this option would remove the annual consultation process, we contend that this has not proven effective in garnering alternatives to network investment and therefore would not drive a reduction in the deployment of non-network solutions. It is important not to overstate the impact of this change noting:

- major network projects are consulted on extensively during the regulatory proposal process;
- the consultation requirements embedded in the RIT-D process provides opportunities to engage on network needs that emerge within a regulatory period; and
- online portals have been purposely designed to better elicit non-network solutions from the market including those that do not fall within the RIT-D requirements.

Whilst Option 3 is preferred, we consider it is premature to endorse any option without further detail. To help identify the optimal reform pathway, we recommend the AEMC clarify the specific data and reporting requirements under a proposed strategic planning framework and streamlined annual reporting process to ensure it maintains a forward-looking orientation and avoids unnecessary duplication. With respect to annual reporting, we suggest the value of prospective network information could be examined during the AER’s consultation process so that their new guideline can provide a complete and cohesive set of reporting obligations for both network data and non-data elements.

If you wish to discuss our submission further, please contact Patrick Duffy, Manager Regulatory Transformation and Policy via email at [patrick.duffy@endeavourenergy.com.au](mailto:patrick.duffy@endeavourenergy.com.au).

**Yours sincerely**



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