



Part of Energy Queensland

13 November 2025

Ms Anna Collyer
Chair
Australian Energy Market Commission
Lodged online

Project Reference Code: ERC0410

Dear Ms Collyer

National Electricity Amendment (Integrated distribution system planning) Rule

Queensland's two distribution network service providers (DNSPs), Ergon Energy Corporation Limited (Ergon Energy Network) and Energex Limited (Energex), welcome the opportunity to provide a submission to the Australian Energy Market Commission (AEMC) on its Integrated Distribution System Planning (IDSP) Directions Paper (Directions Paper).

We commend the AEMC on its Directions Paper which reflects its considerable effort to unpack the complex issues surrounding distribution planning and to synthesise stakeholders' diverse perspectives that were submitted in response to the IDSP's Consultation Paper. This has deepened our understanding of stakeholders' views, the value they derive and what information they consider most critical. In this context, we have assessed the three options proposed by the AEMC to address the challenges of long-term distribution network planning and to support the consumer energy resource (CER) led energy transition.

We believe the current annual distribution planning process was designed for a time when CER penetration was low, and options 1 and 2 risk retaining outdated elements that no longer meet stakeholder needs or support the energy transition. This is particularly evident in the Distribution Annual Planning Report (DAPR) which, based on our experience, is infrequently used and does not justify the significant resources required for its production. Much of the DAPR's (static) content is already available and regularly updated through our website and online portals, including our Regulatory Investment Test for Distribution (RIT-D) platforms¹ that actively seek non-network alternatives.

Accordingly, we strongly support option 3, which proposes a new, purpose-built planning framework developed independently of legacy processes. We consider this the most effective, efficient, and least complex solution to meet the objectives of the proposed rule change. It offers a streamlined approach to long-term planning and facilitates greater CER uptake for the enduring benefit of consumers.

¹ See [RIT-D projects | Ergon Energy Network](#) and [RIT-D projects | Energex](#).

Our detailed responses to the Directions Paper's questions are attached. Neither this letter nor the attachment contains confidential information and may be published. Should you require further information or wish to discuss any aspect of our submission, please feel free to contact me or Lindsay Chin on 0459 642 052.

Yours sincerely

A handwritten signature in blue ink that reads "Alena Christmas".

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Enclosed: - Ergon Energy Network's and Energex's responses to the Direction Paper's questions.



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Below are Ergon Energy Network's and Energex's responses to selected questions from the Directions Paper for which we have a view.

Question	Section	Feedback sought	Ergon Energy Network's and Energex's response
1.	3.1.1	Does the purpose of the proposed strategic planning process in policy option 1 need to be outlined in the rules?	
		<ul style="list-style-type: none"> Do you agree that there would be benefits from outlining the purpose of the proposed strategic planning process in the rules? 	Yes.
		<ul style="list-style-type: none"> What do you consider would be the benefits? Would there also be any unintended consequences? 	Outlining the purpose in the National Electricity Rules (NER) would provide clarity and alignment with the National Electricity Objective (NEO), support consistency across DNSPs, and enable regulatory oversight. However, overly prescriptive language may introduce rigidity.
		<ul style="list-style-type: none"> Do you agree with our proposed purpose for the strategic planning process? If not, what do you consider should be the purpose of a strategic planning process? 	Yes. It aligns with the long-term interests of consumers and the existing regulatory framework.
		<ul style="list-style-type: none"> Do you agree that the proposed purpose should reflect the National Electricity Objective? 	Yes.

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2.	3.1.1	Would a 20-year planning horizon most effectively support DNSPs to strategically plan their networks?	
		<ul style="list-style-type: none"> What are the potential benefits (qualitative and quantitative) of applying our proposed 20-year planning horizon for strategic plans? 	<p>A 20-year horizon aligns with the Integrated System Plan (ISP) and provides transparency of DNSPs' long-term strategy to stakeholders.</p>
		<ul style="list-style-type: none"> What are the potential costs (qualitative and quantitative) of applying our proposed 20-year planning horizon for strategic plans? 	<p>Forecasting demand, CER uptake, and technology evolution over a 20-year horizon introduces considerable uncertainty. This is particularly challenging for distribution networks, where consumer behaviour, policy settings, and technology adoption can shift rapidly and unpredictably.</p> <p>While long-term strategic plans can provide a framework for future investment, they may also create a false sense of certainty for stakeholders and investors. This can lead to over-investment or misallocation of resources if future conditions diverge significantly from current projections.</p> <p>Planning at the low voltage (LV) level, downstream of sub-transmission, is especially sensitive to localised factors such as urban development patterns, rooftop solar penetration, and electric vehicle (EV) uptake. These variables are inherently difficult to model with precision over extended timeframes.</p> <p>Developing robust strategic plans will require significant additional resources, including:</p> <ul style="list-style-type: none"> Enhanced data capture, analysis, and storage capabilities Improved load and generation forecasting across multiple scenarios and sensitivities Detailed network modelling and technical analysis Comprehensive cost estimation for investment options Meaningful engagement with industry and communities to explore alternatives, and

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			<ul style="list-style-type: none"> • Transparent publication and communication of the strategic plan. <p>Given these complexities, a flexible and adaptive planning approach is essential to ensure network investments remain responsive to evolving conditions.</p>
		<ul style="list-style-type: none"> • Are there any other broader considerations that would support or prevent DNSPs from adopting the proposed 20-year planning horizon? For example, does the planning horizon align well or poorly with other processes in the broader planning framework (e.g. RIT-D, joint planning requirements)? 	<p>A 20-year planning horizon could be applied to sub-transmission infrastructure, including bulk supply points and zone substations. These assets typically have long lifecycles, extended lead times, and are influenced by broader system-level trends, making long-term strategic planning both meaningful and practical.</p> <p>However, applying the same horizon to distribution feeders (22kV and 11kV) and LV networks may be challenging. Forecasts at these levels are highly sensitive to localised factors, such as consumer behaviour, urban development, and emerging technologies, which are difficult to predict with confidence over two decades. This may lead to premature or unnecessary network investments and potentially missed opportunities on non-network alternatives.</p> <p>Another consideration is how the Australian Energy Market Operator's (AEMO's) ISP and DNSPs' strategic plans and forecasts would align.</p>
		<ul style="list-style-type: none"> • Would an alternative planning horizon be more beneficial for the strategic planning of distribution networks by DNSPs (e.g. a 10-year planning horizon)? What would be the costs and benefits of these alternative planning horizons compared to the proposed 20-year planning horizon? 	<p>The AEMC may wish to consider a planning horizon of 10 to 15 years for the sub-transmission level, including bulk supply and zone substations. This timeframe offers a reasonable balance between strategic foresight and planning certainty.</p> <p>For the distribution feeder level, a shorter planning horizon may be more appropriate to reflect the rapid pace of change driven by emerging technologies such as smart inverters, community batteries, and flexible demand solutions, which can significantly reshape network requirements in short timeframes.</p>

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			<p>Long-term forecasting at the distribution level is particularly constrained by the lack of consistent, granular data, such as, smart meter outputs or LV monitoring. Without this data, even medium-term projections lack the robustness required for credible planning.</p> <p>Furthermore, local factors such as council development plans, consumer preferences, and technology trends introduce additional uncertainty, making longer term forecasts increasingly speculative.</p> <p>Lastly, many LV assets have shorter lifecycles and lead times for upgrades compared to sub-transmission infrastructure. This supports the case for shorter, more agile planning cycles at the LV level.</p>
3.	3.1.1	<p>Is scenario analysis the most effective approach for addressing the uncertainty in a long planning horizon?</p>	<p>From a strategic standpoint, scenario analysis is not just beneficial, it is essential. However, to ensure its effectiveness, a consistent approach across scenarios is critical and must be underpinned by common guidelines applicable across the National Electricity Market (NEM). Without this consistency, the integrity of the whole-of-system plan risks becoming fragmented.</p>
		<ul style="list-style-type: none"> Do you agree with our proposed requirement for DNSPs to adopt scenario analysis for the proposed strategic planning process under policy option 1? 	<p>Yes.</p>
		<ul style="list-style-type: none"> What do you consider would be the benefits of using scenario analysis and the potential issues? 	<p>Scenario analysis allows for alignment with the RIT-D process for large network investment projects and assists with managing long-term uncertainty.</p> <p>However, there will be complexities in modelling all plausible scenarios and difficulties in determining the most appropriate and relevant scenarios for different parts and/or types of networks. DNSPs may struggle to produce credible scenarios for downstream networks over the long-term (e.g. 20 years), leading to plans that are speculative rather than actionable.</p>

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			Therefore, the coordinated development of appropriate scenarios would help with managing the risks/challenges associated with policy and economic uncertainties. The unprecedented rapid uptake of home batteries in response to the Cheaper Home Batteries Program is an example that would be difficult to capture without scenario analysis.
		<ul style="list-style-type: none"> Would requiring scenario analysis improve the transparency of DNSP strategic planning? 	Scenario analysis is not generally undertaken to improve transparency but rather to help ensure forecasting and strategic plans are fit for purpose in an uncertain environment.
		<ul style="list-style-type: none"> Do you agree with the proposal for DNSPs to develop their scenarios in accordance with AER guidelines? If not, what would be the difficulties with this approach? 	Yes. However, while national consistency and alignment with broader power system long-term planning (e.g. with the ISP) are very important, the guidelines and scenario development process should allow for jurisdictional and DNSPs' network specific factors to be considered.
		<ul style="list-style-type: none"> What would be the benefits of requiring DNSPs to instead follow the AER's existing forecasting best practice guidelines? What would be the issues with this approach, noting that the guidelines are currently produced for AEMO's ISP process? 	In the interests of efficiency and consistency, we support the Australian Energy Regulator (AER) producing forecasting and planning guidelines given that it can leverage its work on the ISP framework guidelines. However, any guidelines governing the development, update, and refresh of the strategic plan must acknowledge that the regulatory determination process does not approve specific projects for implementation. Instead, it sets efficient expenditure allowances, with DNSPs retaining the flexibility to reprioritise investments. This flexibility is a cornerstone of the incentive-based regulatory framework, which promotes efficient service delivery and enables DNSPs to share cost savings with consumers.
4.	3.1.1	Does the IASR provide the right baseline inputs for the proposed strategic planning process under policy option 1?	
		<ul style="list-style-type: none"> Do you agree with our proposal to require DNSPs to use the IASR as baseline inputs for the strategic planning process? 	Not necessarily as we believe there may be a risk of over-reliance on AEMO's Inputs, Assumptions and Scenarios Report.

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		<ul style="list-style-type: none"> What do you consider are the benefits of this approach? Are there any limitations that need to be addressed? 	<p>We consider that the benefits will result in better alignment between DNSPs' strategic planning and AEMO's ISP.</p>
5.	3.1.1	<p>Should the proposed strategic planning process be linked to the regulatory proposal process in Chapter 6 of the NER under policy option 1?</p>	
		<ul style="list-style-type: none"> Do you agree that the proposed strategic planning process should draw on and inform the regulatory proposals that DNSPs already prepare? 	<p>While the AEMC suggests that aligning the strategic planning process with the regulatory proposal process could reduce duplication and improve efficiency, we believe the timing of the AER's final decision on a DNSP's regulatory proposal is pivotal in shaping its strategic direction. The final decision establishes the financial and operational parameters within which DNSPs must operate, directly influencing both short and long-term planning. Given this, we propose an alternative approach that gives DNSPs the option to develop, consult on, and publish their strategic plans within a defined period, such as 18 months, following the final decision.</p>
		<ul style="list-style-type: none"> What do you consider are the advantages and disadvantages of this approach? Would it be possible to address the disadvantages in our proposed process? 	<p>Separating the publication timeframes for strategic plans and regulatory proposals offers several advantages, including:</p> <ul style="list-style-type: none"> Strategic plans being informed by final regulatory outcomes, rather than being developed concurrently and potentially being misaligned It enables DNSPs to respond to changes in allowed revenues, expenditure forecasts, or service expectations in a structured and forward-looking manner It enables more focused and effective stakeholder engagement by allowing DNSPs to communicate long-term planning priorities independently of the regulatory proposal process. This separation also reduces the risk that strategic plans will be overshadowed by the regulatory proposal, which typically garners significant attention, particularly in relation to short-term pricing impacts, and

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			<ul style="list-style-type: none"> Balancing transparency and stakeholder engagement with regulatory efficiency. It ensures that strategic plans remain accessible and informative, while avoiding unnecessary duplication and or administrative burden. <p>Under this alternative approach, DNSPs would still retain the option/flexibility to submit their strategic plans to the AER as supporting material with expenditure and revenue forecasts. This maintains the current voluntary framework, allowing DNSPs to provide long-term planning insights where they are most relevant, without introducing additional regulatory obligations.</p> <p>Also, we do not support any requirement for the AER to formally approve strategic plans. Such a requirement would introduce additional regulatory burden with limited practical benefit. Instead, strategic plans should continue to be treated as supporting information and used by the AER to assess the prudence and efficiency of proposed expenditure forecasts, consistent with current practice.</p>
		<ul style="list-style-type: none"> Do you agree with our proposal to require the proposed strategic planning process to be consistent with a DNSP's regulatory proposal, including its capital plans? What do you consider are the benefits and challenges of this approach? 	<p>Yes, in so far as this is practicable and leads to benefits that outweigh costs. However, it is important to recognise that regulatory proposals are developed on a five-year horizon, whereas strategic plans typically adopt a longer-term, 20-year outlook.</p>
		<ul style="list-style-type: none"> Should the proposed strategic planning process use the existing consultation requirements in Chapter 6 of the NER? What do you consider are the advantages and disadvantages of this approach? 	<p>Yes, given that arrangements are already in place.</p>
8.	3.1.2	Does network data need to be subject to a separate reporting requirement from the DAPR?	

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		<ul style="list-style-type: none"> Do you agree with our proposal for the network data currently reported in the DAPR to be subject to separate reporting requirements? 	<p>Yes. The National CER Roadmap - Data Sharing Arrangements - M2 consultation (M2 consultation) has demonstrated that both the breadth of network data and the frequency with which it is shared across industry actors are expected to increase significantly. As such, the current static DAPR format is not an efficient, effective and secure platform to implement these anticipated requirements.</p>
		<ul style="list-style-type: none"> If so, do you agree that these requirements need to be flexible to accommodate likely changes in data usage and reporting due to other work currently underway (e.g. under the national CER roadmap)? 	<p>It would be inefficient to require DNSPs to implement short-term solutions that may soon be superseded by scalable, industry-wide data sharing infrastructure. Such an approach risks duplication and unnecessary expenditure, undermining long-term digital architecture goals. Therefore, to ensure prudent and efficient investment in digital infrastructure, any changes to network data reporting and sharing requirements must be closely aligned with the future industry direction driven by the National CER Roadmap and other major data sharing initiatives such as the CER Data Exchange.</p> <p>Furthermore, the AER's reporting guideline should allow adaptation to evolving data needs and functional abilities including flexibility to accommodate likely changes in data sources, usage, and technologies.</p>
		<ul style="list-style-type: none"> Would this be best achieved through guidelines, such as the proposed network data and reporting guideline? If not, is an alternative approach needed, and what would be the costs and benefits of this alternative? 	<p>Yes, an overarching guideline will help ensure consistency across DNSPs.</p> <p>The M2 consultation proposes that a National CER Data Strategy and Coordination Plan be developed. That plan would outline data requirements, architecture, governance requirements and processes. It would have interdependencies with relevant data initiatives across the industry, such as the CER Data Exchange which will commence in November 2025.</p> <p>Should that proposal be approved by the Energy and Climate Change Ministerial Council (ECMC), the National CER Data Strategy and Coordination Plan should presumably take precedence and set direction for the development of any new data reporting or sharing guidelines.</p>

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		<ul style="list-style-type: none"> Is the AER the appropriate market body to be responsible for developing and maintaining the proposed network data and reporting guideline? 	<p>Yes. The AER already plays a central role in monitoring network performance, determining revenues, and assessing investment proposals. Its involvement in the development of data reporting guidelines will help ensure these evolve in line with broader sector reforms and DNSPs' improving data and reporting capabilities, thereby avoiding duplication and promoting consistency across jurisdictions.</p> <p>Furthermore, as an independent regulator, the AER is well-placed to ensure that data reporting guidelines remain transparent, non-discriminatory, and aligned with the long-term interests of consumers.</p> <p>In the context of the National CER Data Strategy and Coordination Plan, the M2 consultation proposes that a new entity will be required to create, govern and implement this plan. The decision on this will be made by the ECMC and this rule change should not pre-empt or conflict with the ECMC's decision.</p>
		<ul style="list-style-type: none"> Do the proposed principles for the guidelines strike the right balance between encouraging transparency, innovation in data collection and reporting, and disincentivising improved data capabilities with the costs that data collection and publication create? 	<p>Yes. Ergon Energy Network and Energex acknowledge the importance of principles being well calibrated to promote transparency and innovation, while ensuring that the costs of data collection and publication do not disincentivise DNSPs from improving their data capabilities.</p> <p>In addition, we recommend that the proposed principles consider:</p> <ul style="list-style-type: none"> Data standardisation (as per the M2 consultation) in accordance with international best practice on data formats and interoperability. Details of this can be found in the UK's Open Networks initiative and hosting capacity standards adopted by several US jurisdictions and The use of direct incentives to accelerate progress and innovation in data capabilities. Similar approaches have been successfully implemented by the Office of Gas and Electricity Markets in the UK and some US regulators, helping to drive faster adoption of advanced data practices and technologies.

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		<ul style="list-style-type: none"> Should the AER, or other appropriate market body, be able to gather and report on other data that is not related to network planning? For example, inverter setting compliance that may be available to DNSPs through their CSIP-Aus connections associated with the backstop mechanism rollouts? What would be the costs and benefits of not restricting the guidelines to network data? 	<p>This proposed rule change may not be the appropriate reform to make such a far-reaching decision and is best answered by the work that will be undertaken in the development of the National CER Data Strategy and Coordination Plan and its governance model (i.e., the M2 consultation).</p>
9.	3.1.3	<p>Do you agree our proposed policy option 1 would best be implemented over seven years?</p>	
		<ul style="list-style-type: none"> Do you agree that our proposed reforms would need to be implemented in stages? If not, what do you consider to be a better implementation path? 	<p>Yes. A staged implementation of the proposed reforms is a prudent approach to allow DNSPs to focus on each reform sequentially, supporting more effective delivery and minimising implementation risks. This approach also enables benefits to be realised by consumers as each stage is completed, rather than waiting for the full reform's rollout. We note that option 3 adopts the same strategic planning process as option 1. Accordingly, the above response is equally applicable to option 3.</p>
		<ul style="list-style-type: none"> Do you support our proposal for DNSPs to produce an implementation plan under policy option 1? What do you consider are the advantages and disadvantages of this approach? 	<p>In the event that option 1 is favoured by the AEMC, we consider that the implementation date of specific reforms will only become clear following the finalisation of reporting guidelines developed by the AER (or another designated body). As such, developing an implementation plan in the absence of these guidelines would be premature and of limited practical value.</p>
10.	3.2.1	<p>Can the current distribution annual planning process be reformed to effectively deliver strategic planning and transparency?</p>	
		<ul style="list-style-type: none"> Do you consider that the distribution annual planning process can be reformed to provide both strategic planning 	<p>Yes. However, we do not consider this to be the optimal solution.</p>

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		and transparency of the current and near-term state of distribution networks?	
13.	3.3.3	Have all the advantages and disadvantages of replacing the existing distribution annual planning process with the proposed strategic planning process under policy option 3 been identified?	
		<ul style="list-style-type: none"> Do you agree with our assessment of the potential advantages and disadvantages of our proposed policy option 3? 	<p>We do not agree that option 3 reduces transparency. The proposed annual updates on key planning elements should adequately address any potential gaps in network planning visibility. Additionally, the existing RIT-D framework, as outlined in clause 5.17 of the NER, continues to support market engagement and the consideration of non-network alternatives.</p>
		<ul style="list-style-type: none"> Do you consider that these potential advantages outweigh the disadvantages of policy option 3, including greater focus on strategic planning and the possibility of reduced transparency on the expected near-term state of distribution networks? 	<p>We strongly support option 3 as it represents the most effective and efficient solution among the three options under consideration. Our position is based on the following comparisons of the options:</p> <ul style="list-style-type: none"> Reduced Duplication and Regulatory Burden Option 3 consolidates planning into a single process, significantly reducing administrative overhead and avoiding duplication in reporting - particularly when compared to option 1, which proposes two separate planning processes. Clear Alignment with Regulatory Resets The strategic planning process in option 3 is directly linked to DNSPs' regulatory proposals, ensuring consistency in capital planning and scenario development. In contrast, option 2 lacks this alignment, which may result in disconnects between strategic forecasts and DNSPs' regulatory submissions. Also, option 1's dual processes, risk creating confusion about which process governs strategic decisions and near-term investments.

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			<ul style="list-style-type: none"> <p>• Stronger Focus on Strategic Planning</p> <p>Option 3 enables DNSPs to dedicate resources to a single, purpose-built strategic planning process. This avoids the dilution of strategic focus seen in option 1 (with two processes) and option 2 (where the annual process must serve both short- and long-term planning needs).</p> <p>• Lower Long-Term Costs</p> <p>Option 3 is likely to be more cost-effective over time due to reduced duplication and clearer planning pathways. Option 2 may incur ongoing costs from maintaining a hybrid process, and option 1 from sustaining two parallel planning streams.</p> <p>• Better Integration with Broader Reforms</p> <p>Option 3 aligns well with the proposal that DNSPs are Distribution System Operators (DSOs). It supports whole-of-system planning and coordination with the ISP and greater CER integration in the NEM. Option 2 may be constrained by legacy structures, while option 1 could require ongoing coordination between two planning processes, adding complexity.</p> <p>• Flexibility in Reporting</p> <p>Option 3 proposes streamlined annual updates, such as, RIT-D summaries and joint planning outcomes outside the DAPR, allowing DNSPs to tailor reporting to stakeholders' needs. While option 1 retains the prescriptive DAPR format, which may be less adaptable to evolving data formats and changes in customers' expectations.</p>