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17 November 2025

Matthew Tsikrikas
Project Lead
Australian Energy Market Commission
SYDNEY NSW 2000
Submitted Online

Dear Mr Tsikrikas,

AEMC - INTEGRATED DISTRIBUTION SYSTEM PLANNING DIRECTIONS PAPER

Essential Energy welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC) Directions Paper on Integrated Distribution System Planning (IDSP).

In Essential Energy's view effective distribution planning is central to realising the opportunity presented by the utility of distribution networks and the growth in consumer energy resources. To that extent, we support reforms that improve transparency, coordination and consumer outcomes at least cost. Over the past two years, Essential Energy has been proactively advocating and progressing several voluntary mechanisms to publicly identify latent capacity on our network.

As such, while Essential Energy supports the overall intent of the proposed reforms for an IDSP, greater consideration needs to be given to the substantial work already underway in New South Wales (NSW), including the Joint Distribution System Plan Opportunities Report, the NSW Government Transmission Framework Review and the development of an NSW System Plan in 2027. With so many planning related matters in train currently, there needs to be a greater recognition of the unique planning reform situation in NSW. Recognising that activity, and aligning planning cycles and deliverables, will deliver benefits more quickly and cost efficiently for customers, particularly in regional and rural communities.

NSW Joint Distribution System Opportunities Report

In NSW, the three distribution network service providers, Ausgrid, Endeavour Energy and Essential Energy, have jointly developed the Distribution System Plan Opportunities Report¹ (Opportunities Report) as a coordinated planning pathway that addresses many of the same planning gaps identified in the Directions Paper. The report is an Australia-first roadmap for how distribution networks can support the energy transition in a way that reduces costs, de-risks delivery of renewable targets and improves equity for customers. It presents a future where the distribution network is fully utilised, based on a bottom up

¹ Please see [link here to the Distribution System Plan Opportunities report](#) published 17 November 2025.

technical and economic model built at the zone-substation level that links distribution constraints with wholesale market outcomes and quantifies between \$2.0 and \$4.3 billion in whole of system benefits.

The Opportunities Report explicitly models latent capacity in the high-voltage distribution network and key low-voltage export constraints, then sets out practical ways these can be addressed through distribution-connected storage, coordinated consumer energy resources and targeted value pathways such as Local Energy Precincts and Generation Rich Zones. In doing so, it translates analysis into feasible programs of work, including deferral of some zone substation upgrades by up to 15 years and reduced reliance on gas-fired generation and interconnection. The Opportunities Report also proposes that each NSW DNSP develops a bottom-up Distribution System Plan to be shared with an NSW independent system planner, which is directly relevant to the AEMC's consideration of integrated distribution system planning arrangements.

Essential Energy considers this to be the right approach for a strategic system plan at the distribution level. To the extent that a new national strategic planning report is required, it should be shaped around such existing work rather than creating a separate report that repackages similar material. While we acknowledge the AEMC may not adopt formal jurisdictional-equivalence pathways, the substance of the NSW work should be captured within whatever framework the AEMC ultimately determines. We understand that on the 13th of November the AEMC attended a pre-release roundtable briefing on the Distribution System Plan Opportunities Report, and we would welcome the opportunity to more formally brief the wider AEMC IDSP rule change team on the analysis, structure and methods so that the final IDSP design reflects this work in a way that is both nationally useful and practical to deliver.

NSW Transmission Framework Review

As set out in our previous submission, the next two years in NSW will involve significant planning reforms through the NSW Government Transmission Framework Review and the development of an inaugural NSW System Plan by the newly appointed Jurisdictional Planner, NSW EnergyCo. These reforms will reshape planning assumptions, data flows and joint planning processes at both transmission and distribution levels. Many of the same planning staff, systems and analytic tools that must deliver the Transmission Framework Review obligations are the ones that would need to contribute to any new IDSP reforms. Similar to our suggestion above on the Distribution System Plan Opportunities Report, Essential Energy's strong preference is for any new IDSP obligations to be built off the Transmission Framework Review so that the work already underway forms the foundation for national requirements.

This is not a question of sequencing documents or reports, rather it is about recognising the resourcing impacts on NSW DNSPs and planning teams during an unprecedented and intensive period of jurisdictional reforms. Implementing an IDSP while the Transmission Framework Review is being implemented will lead to overlapping resource requirements and stakeholder engagement. Ensuring the IDSP is reflective of the significant NSW program of work currently being undertaken will make better use of scarce specialist planning resources.

Directions Paper options

The Directions Paper outlines three options. Rather than viewing these options as discrete choices, we see them as starting points from which further work should be developed, taking into account the points set out above.

- Option 1 (new strategic plan and reformed Distribution Annual Planning Report (DAPR))
- Option 2 (reformed DAPR incorporating strategic planning)
- Option 3 (strategic plan replaces DAPR entirely)

Broadly speaking, Essential Energy leans toward Option 3, subject to further information and clarity. We suggest a detailed gap analysis be undertaken that distinguishes the proposed strategic plan from a reformed DAPR, identifies exactly what would be removed to avoid duplication, and sets out the forward-looking content expected in the strategic plan. From an operational perspective, moving directly to a single strategic plan could be the lowest-cost pathway, but this remains uncertain without further analysis.

It is also worth noting that any transition would require significant lead time to be credible and efficient, noting the Directions Paper canvasses a multi-year transition, including up to seven years for capability uplift. As mentioned above, we would also encourage detailed clarity how the proposed options will interact with NSW reforms over the next two years, the respective roles of the Australian Energy Regulator (AER) and NSW EnergyCo and subsequent related processes in decisions. Essential Energy is also interested in how adjacent initiatives, such as the data roadmap and demand-side factors for the Integrated System Plan (ISP), will be coordinated to avoid overlap.

Data scope and proportional implementation across networks

Essential Energy operates a predominantly rural and regional network. Our footprint spans long radial feeders and diverse terrain, with low customer density and comparatively low smart-meter penetration. Broadly speaking, these types of characteristics increase the cost and lead time for uplift in monitoring, analytics and data harmonisation relative to metropolitan networks.

We support improving access to decision-useful information, including discussions around removing duplicative DAPR obligations where data is already reported elsewhere such as the AER's Regulatory Information Orders. However, in doing so the AEMC should be cognisant that what is achievable in jurisdictions or metropolitan areas with high smart-meter penetration and ready access to metering data provision services may not be directly transferrable to rural and regional settings. Lead times for meter installations in parts of our area can extend for several years, which in turn constrains the pace at which granular low-voltage data can be made available and assured. Additional fields carry real costs in instrumentation, integration and assurance, and the value of ever-greater granularity tends to diminish once the highest-value information is delivered.

For these reasons, we encourage the AEMC to adopt proportionate responses that expressly account for regional circumstances, with implementation timeframes that do not place undue burden on rural and regional network service providers.

Planning horizons and forecast usefulness

Essential Energy can provide longer-horizon views where required, but it should be noted that at the distribution level, uncertainty increases materially beyond 10 - 15 years, especially for low-voltage outcomes that depend on broad assumptions around electrification, government policy, consumer technology choices, and local development. If a 20-year horizon is ultimately adopted, it should be framed around principles. Scenario envelopes should be used for the outer years while aligning sub-transmission forecasts with national planning where that adds value.

Conclusion

Essential Energy supports reforms that enhance transparency, coordination and consumer value. We caution, however, against creating another reporting layer precisely when NSW is investing in improved data visibility and integrated planning frameworks. We ask the AEMC to shape any IDSP around the recently published NSW Joint Distribution System Plan Opportunities Report and the Transmission Framework Review.

Thank you for the opportunity to participate in the consultation process. If you have any questions in relation to this submission, please feel free to contact Mr Anders Sangkuhl, Regulatory Strategy Manager at anders.sangkuhl@essentialenergy.com.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Hilary Priest".

Hilary Priest

Head of Regulatory Affairs