

**To: AEMC**

**From: 2026 ISP Consumer Panel  
Submission**

**Topic: ERC0410 Integrated Distribution System  
Planning Rule Change 2025**

**2026 ISP Consumer Panel is**

**Bev Hughson**

**Craig Memery**

**Jarra Hicks**

**Mark Henley (Chair)**

**November 2025**

2026 ISP Consumer Panel can be contacted by email: [ISP@AEMO.com.au](mailto:ISP@AEMO.com.au)

**Acknowledgement of country**

The 2026 Integrated System Plan Consumer Panel acknowledges the Traditional Custodians of the land, seas and waters across Australia. We honour the wisdom of Aboriginal and Torres Strait Islander Elders past and present and embrace future generations.

We acknowledge that, wherever we work, we do so on Aboriginal and Torres Strait Islander lands. We pay respect to the world's oldest continuing culture and First Nations peoples' deep and continuing connection to Country; and hope that our work can benefit both people and Country.

# Section 1: Background

## Introduction

The 2026 Integrated System Plan (ISP) Consumer Panel (‘the Panel’) appreciates the opportunity to respond to the Directions Paper that considers the rule change request by Energy Consumers Australia (ECA) regarding Integrated Distribution System Planning. The Panel represents consumer interests in 2026 ISP planning processes.

The ECA has proposed a rule change to amend the way that planning is undertaken for distribution networks, having identified several instances where the current system is out of step with current needs. Three potential policy options to address this, on which this consultation seeks feedback from stakeholders. The three 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.

This paper presents views held by the Panel with regards to the key issues and proposed policy options.

## Recent Developments

The Panel observes that there have been recent developments that respond, at least in part, to the questions of distribution level planning, in particular:

### *1. Demand Side Factors Statement*

*“On 19 December 2024, the Australian Energy Market Commission (AEMC) published a final determination and a more preferable final rule to improve the Australian Energy Market Operator’s (AEMO’s) consideration of demand side factors in the Integrated System Plan (ISP)<sup>1</sup>.*

*The final rule (ERC0396):*

- *requires AEMO to publish a demand-side factors statement in the ISP to provide a transparent and consolidated explanation of the expected development of the demand-side of the market and the distribution network*

---

<sup>1</sup> <https://www.aemc.gov.au/rule-changes/improving-consideration-demand-side-factors-isp>

- *requires AEMO to publish Information Guidelines to drive a more consistent approach to the collection of relevant information*
- *places an obligation on distribution network service providers (DNSPs) to provide relevant information to AEMO*
- *requires AEMO to publish the information provided by DNSPs in the ISP database.”*

The Panel has been actively involved in discussions with AEMO about the development of the draft of the first Demand Side Factors statement that will be released as part of the draft 2026 ISP on 10<sup>th</sup> December 2025.

## 2. DSOO

As part of the Australian Governments Net Zero Plan<sup>2</sup> released in September 2025, a DSOO is to be produced. Like the ESOO and GSOO (electricity and gas statements of opportunity) the DSOO, we understand, will provide information about where demand side investment can usefully be made. As such, the DSOO adds to the ‘fleet; of energy planning ‘vehicles.’

## 3. 2025 IASR

The ISP process final Inputs, Assumptions and Scenarios report for 2025<sup>3</sup> included a distribution component as well, the report stating:

*“Distribution capabilities and potential augmentations – the 2026 ISP will include analysis of distribution network capabilities and opportunities for CER and other distributed resources. Distribution network service provider (DNSP) inputs will be consulted on through the Draft 2025 Electricity Network Options Report (see Section 3.10.8).”*

Each of these developments reflect significant recent policy, modelling and consideration of distribution network issues and planning considerations. This rule change proposal needs to be carefully considered with regard to these recent and significant developments that the Panel thinks go a fair way towards addressing the matters raised in the rule change proposal.

## Declining Network Productivity

Another significant context for network planning is the declining DNSP total factor productivity (TFP). The AER’s annual distribution business benchmarking report for

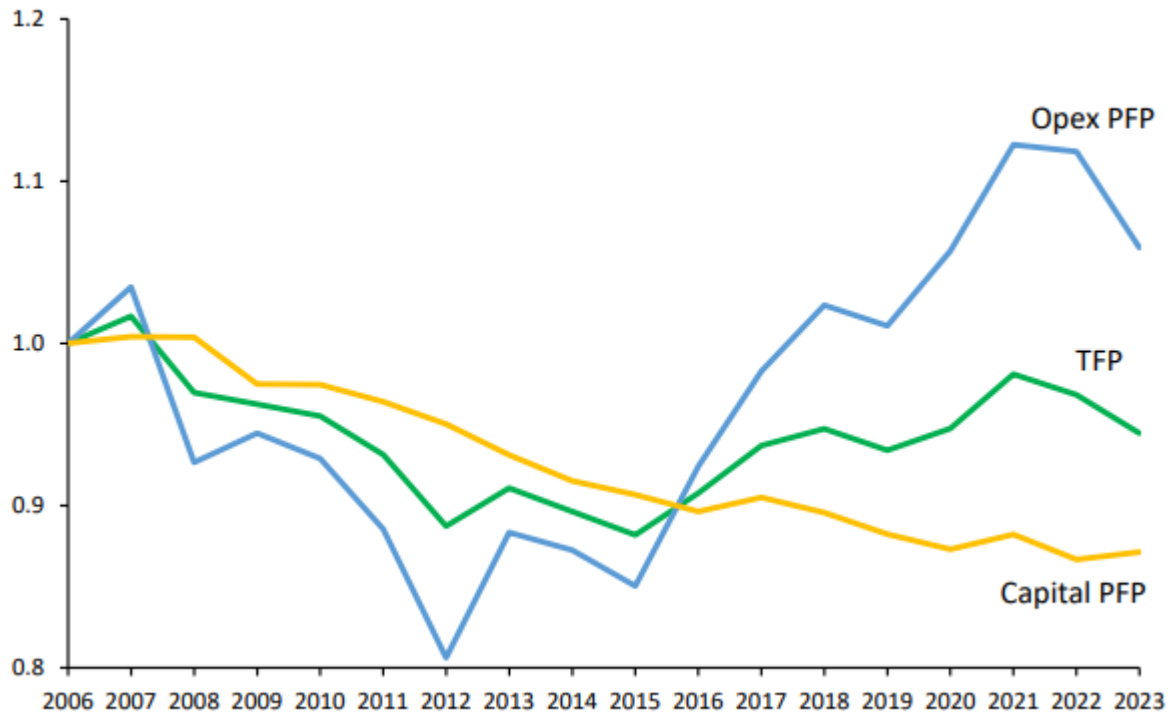
---

<sup>2</sup> <https://www.dcceew.gov.au/sites/default/files/documents/net-zero-report.pdf>

<sup>3</sup> [https://www.aemo.com.au/-/media/files/stakeholder\\_consultation/consultations/nem-consultations/2024/2025-iasr-scenarios/final-docs/2025-inputs-assumptions-and-scenarios-report.pdf](https://www.aemo.com.au/-/media/files/stakeholder_consultation/consultations/nem-consultations/2024/2025-iasr-scenarios/final-docs/2025-inputs-assumptions-and-scenarios-report.pdf)

2024<sup>4</sup> includes the following graph which shows total factor productivity declining, sector wide, in trend for nearly two decades while capital partial factor productivity has been in continual decline for the entire period of this graph, starting with 2006 data.

**Figure 8 Electricity distribution total, capital and opex productivity, 2006–23**



Source: Quantonomics; AER analysis.

Any network planning must focus on how to better utilise existing assets before consumers are expected to pay more for distribution businesses augmentation capex.

<sup>4</sup> file:///C:/Users/jmhen/Downloads/AER%20-%202024%20Annual%20Benchmarking%20Report%20-%20Electricity%20distribution%20network%20service%20providers%20-%20November%202024\_4%20(3).pdf

## Section 2: Rule Change Considerations

Overall, we recognise the need and value of aligning and streamlining the way that distribution planning is done and agree that this is an essential element of efficiently and effectively achieving national and state energy and greenhouse gas targets as well as the delivering on the National Energy Objective (NEO). We agree with a number of the issues identified by ECA as the reasons for the rule change request, as covered below.

We are, however, concerned about potential additional costs to consumers and potential duplication of planning efforts. There is a need for a clear cost-benefit analysis to outline the costs and benefits of each of the proposed policy options, including: How is each delivered, how much will it cost, who will pay, what are the benefits? This analysis would assist with decision making around which option is most appropriate.

Key issues identified by ECA in current distribution planning (in bold italics) and Panel comments about these are outlined below.

### ***The distribution annual planning process does not create a standardised, transparent process for strategic distribution network planning***

The Panel agree that this is an issue and would like to see longer planning horizons and more transparent reporting of these plans. Longer horizons are essential for being able to plan for distribution networks capable of efficiently and effectively delivering on relevant state GHG and renewable energy targets, including projected roles for DER/CER and the increasing importance of non-network solutions such as VPPs and demand response. Many consumers – as individuals, community organisations, as farmers and business owners – are investing in 20+ year assets, and the transparent release of long-term planning information will be useful to inform these investments. Longer term planning provides context in which 5 year regulatory proposals are developed and considered.

We also recognise a need to streamline planning to also feed into other planning cycles, such as ESOO (Electricity Statement of Opportunities) and the AEMO managed ISP (Integrated System Plan)

### ***The existing planning process is not eliciting sufficient non-network options***

Agreed, but the Panel is not sure this proposal fixes this problem entirely. We agree that it may assist in identifying and prioritising non-network (that we refer to as development opportunities<sup>5</sup> hereafter) solutions via new or revised planning processes. However, it still proposes to rely solely on DNSP businesses as the planners, who have a disincentive under current regulations to invest in non-network development opportunities. As such, we agree that industry engagement obligations for these opportunities are not currently fit for purpose, and would propose a solution that extends consultation requirements to include consultation with the range of business,

---

<sup>5</sup> This language of “development opportunities” is preferred to the more traditional language of “non-network solutions” and is drawn from the AER’s Cost Benefit Analysis Guideline Nov 2024, page 9.

government, advocate/ non-profit groups and community actors involved in CER and DER uptake and innovation. For example, this would include innovative retailers and energy service providers, advocacy organisations, community energy groups (e.g. Community Power Agency, Rewiring Australia, Coalition for Community Energy).

### ***Coordination of distribution network planning between DNSPs and the ISP***

The Panel agrees that this is important, though we think there is still a lack of clarity as to how the three policy options would interplay with the ISP, the Distribution Statement of Opportunities (DSOO), the Demand Side Factors Statement, and DNSPs own existing planning processes, such as the DAPRs.

Given the *Improving consideration of demand-side factors in the ISP* rule change is still being implemented by AEMO, it may be premature to attempt any additional rule changes regarding Distribution planning until it is complete.

Regardless, to assist with this integration, we identify that there is a particular role for any new distribution planning process to consider how to achieve the Optimal Development Path identified in the ISP (i.e. to go beyond feeding into AEMO ISP Inputs and Assumptions).

### ***Lack of transparency in the distribution planning process under the rules***

We agree that greater transparency in planning would be useful for consumers, and this should be designed into data collection and presentation considerations.

### ***Lack of low voltage network data***

The Panel is aware that DNSP's have invested quite significantly in improved low voltage network data capacity over recent years, with consumers meeting these costs through regulated allowances. Greater information about the low voltage network could greatly assist consumer and community energy initiatives and investments (e.g. in supply, storage, efficiency/ demand response). Consistency across DNSPs in documenting and sharing low voltage network data would be a good thing.

### **Response to the 3 Policy Options**

The Directions Paper outlines three options to respond to the stated gaps that currently exist in distribution network planning: inability to address long term planning challenges and a limited information being available about the low voltage network.

Of the options outlined, the Panel is currently leaning towards a preference for option 2, mainly for these reasons:

- a. The option includes “new data transparency obligations replacing existing DAPR data.” We agree that standardised data collection and transparent reporting is a priority, including for community based energy organisations, who we consider to be an emerging part of the electricity sector. (include the word ‘consistency’)

- b. The “central policy approach” is to reform existing planning processes rather than create new processes. We consider it likely that this approach is a lower cost option, in aggregate, for consumers, compared to options 1 and 3. We anticipate that other recent distribution planning focussed requirements, including DSOO and Demand Side Factors statement in the ISP already go at least part way to dealing with the concerns that have generated this rule change.

While we do not have data, our instinct is that Option 2 is the most cost effective of the three options. We recognise that this ‘instinct’ needs to be tested, eg through Cost Benefit Analysis.

## Section 3: Conclusions

- The relationship between the Integrated Distribution System Planning Rule and other distribution and energy planning processes needs to be clarified, including:
  - the ISP's Demand Side Factors statement, which will be new for the 2026 ISP,
  - the newly announced DSOO (Demand side Statement Of Opportunities),
  - the ISP itself and
  - jurisdictional network planning processes.

We recognise that these processes are recent and indeed are still being developed. We think that they may well meet many of the concerns raised by the rule change proponent and may therefore be responses to their concerns, meaning that the intent of the rule change may now have been met, at least in part, by very recent developments, without a further rule change being necessary.

- The ability to adequately identify, prioritise and plan for development opportunities<sup>6</sup> needs to be strengthened and involve consultation with a broader base of stakeholders than just DNSPs, including providers of community as well as market based solutions.
- The Panel would like to see cost benefit analysis inform the selection of the preferred policy option, from the three options presented.
- We are concerned that the Directions Paper does not address the costs of implementing the potential rule change and so genuine consumer benefit is not identified, including for consumers who are unable to invest in CER.
- Involvement and consultation in any future distribution planning needs to be wider than DNSPs. The current proposal is to consult through existing AER consumer consultation processes. Although we agree with the need to be mindful of consultation fatigue, we are not convinced that these avenues will be adequate. Distribution planning needs to be about communities, consumers, retailers, innovators that all affect and impact on distribution function and hopefully planning. These actors are essential to innovating and delivering the energy system of the future and need to have a direct stake in its planning, they are also crucial for coordination.
- There needs to be a greater focus on improving utilisation of the DNSP networks in whatever new or revised distribution planning options are implemented.