

11 November 2025

Anna Collyer
Chair
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000

Lodged electronically

Dear Ms Collyer,

Integrated distribution system planning directions paper (ERC0410)

Nexa Advisory welcomes the opportunity to respond to the AEMC's *Integrated distribution system planning (IDSP) Directions Paper (ERC0410)*. As outlined in our recent AEMC *Pricing Review* submission¹ and our recent report, *Empowering Consumer Energy*², we advocate for comprehensive and consumer-centric reforms to enable a flexible, efficient, and competitive energy market.

Nexa is an advisory firm with an unwavering focus to accelerate the clean energy transition in a way that provides secure, reliable, and affordable power for consumers of all types. Nexa Advisory is a team of experienced specialists in the energy market, policy and regulation design, stakeholder engagement, and advocacy. We work with public and private clients including renewable energy developers, investors and climate impact philanthropists to help them get Australia's clean energy transition done.

Introductory remarks

Australia is now on a path toward a dynamic, decentralised, consumer-centric electricity system - with consumers leading the way. As coal units retire, this rapidly growing pool of consumer-owned generation and storage will become the dominant source of both daytime energy and critical evening capacity. Planning must therefore change to reflect this two-way, consumer-led paradigm, where demand-side and distribution-level developments play a significant role in system planning.

Nexa has consistently argued that the DAPRs are no longer fit-for-purpose in a system that needs integrated, state-wide planning³. DNSPs possess monopoly access to critical network data, including locational information and hosting capacity constraints which is critical to the deployment of CER.

We are concerned that the proposed seven-year implementation window opens this work to considerable risk which may result in the completed framework completely missing the policy intent. This is because:

- the extensive timeline spans several Integrated System Plan (ISP) and political cycles which may alter the direction of implementation effort; and

¹ Nexa Advisory, [Nexa Advisory Submission – AEMC Electricity pricing for a consumer-driven future review](#), 27 August 2024

² Nexa Advisory, [Empowering Consumer Energy](#), 23 June 2025

³ Nexa Advisory, [Accelerating Consumer Energy in Australia](#), April 2024

- the flexibility provided through the AER developing and implementing data reporting and forecasting guidelines is unlikely to support near-term network data needs (e.g., transparency on CER hosting capacity for third-party CER providers).

There remains need for a near-term solution to address the lack of network data transparency

We do not believe the AEMC’s proposed IDSP approach adequately addresses the near-term imperative to improve transparency of CER hosting capacity and other network data.

As such, Nexa Advisory supports the prioritisation of near-term, interim solutions – such as immediate reforms to the DAPR template with the intention of this information being made available to competitive, third-party providers of CER – such as EV charging infrastructure (EVCI) providers.

The introduction of interim updates or ‘mini-DAPRs’ as a near-term solution could enable better information sharing to support emerging areas such as Commercial and Industrial (C&I) CER, EV and EVCI uptake, demand-side response and flexibility services.

This is also relevant in the context of the recently announced *Demand-side Statement of Opportunities* (DSOO) (though we note that this remains an announcement; there hasn’t been any work undertaken publicly to date)^{4,5}. We encourage the AEMC to reflect the policy intent of this announcement, which we consider also aligns with our proposed near-term solutions to supplement the broader IDSP reforms.

We encourage the AEMC to re-focus this workstream to address this network data gap for key new energy technologies needed now – include public EV charging infrastructure and other CER assets which provide non-network alternatives to distribution augmentation.

Alignment with the ISP and Demand Side Factors implementation

We consider that the AEMC has not applied an adequately forward-thinking approach to the proposed IDSP approach around the interaction with the ISP – particularly given the seven-year implementation window.

While the AEMC has recognised AEMO’s work in implementing *Improving consideration of demand side factors* rule change, this work remains limited. AEMO’s recent consultation on *Draft Demand Side Factors (DSF) Information Guidelines*⁶ proposed a transparent, auditable data regime which is intended to align with DAPR/RIN cycles. However, this allows flexibility for DNSPs to take one of two pathways to provide data to AEMO, which may not be adequately transparent (publicly available) or granular (e.g., CER curtailment information may be aggregated to the Transmission Node Identifier level).

⁴ Australian Government, [Electricity and Energy Sector Plan 2025](#)

⁵ [Press conference with Prime Minister Anthony Albanese, Treasurer Jim Chalmers and Climate Change Authority Chair Matt Kean](#)

⁶ AEMO, [Draft Demand Side Factors Information Guidelines](#), 22 October 2025

This means that while the DSF information may be useful for the ISP, it may not support investment decisions for third-party CER providers which could otherwise benefit the distribution network.

We encourage the AEMC to work with AEMO to build on their approach of implementing the DSF Information Guidelines – with a view to:

- ensure that DNSPs collect adequate LV data of their own network to inform these reforms;
- enhance the capabilities of DNSPs undertaking the additional modelling required under both DSF (e.g., CER curtailment modelling) and IDSP (e.g., scenario modelling) workstreams; and
- ensure this information is publicly available.

Importantly, AEMO cannot compel DNSPs to provide more network data than is required under the NER – and DNSPs are not incentivised to provide additional network data than is mandated.

As such, the AEMC must adopt a stronger posture in creating the obligations for DNSPs to share the necessary network data required through all reforms being implemented within the seven-year window, rather than leaving this to AER or AEMO guideline updates during this period.

DNSP scenario modelling demonstrates the need for co-optimised system planning

We note the AEMC has proposed requiring DNSPs to adopt scenario modelling, with the intention to use AEMO’s Inputs, Assumptions and Scenarios Report as a “starting point for DNSPs when developing... their own models”.

While we support alignment with the ISP, we have previously discussed that there is growing concern around AEMO’s current approach of including CER projections as part of the ISP process – and consider that moving towards a full co-optimisation with distribution network developments and CER should remain a long-term objective of integrated system planning.^{7,8}

The current approach reflects ‘fixed’ inputs of CER across the various companion publications which inform the ISP – including the Electricity Network Options Report and DSF inputs. While AEMO has signalled its intention to iteratively improve how it considers demand-side factors and CER in the ISP, the AEMC must drive continued improvement of how the ISP incorporates CER and demand-side factors. The IDSP rule change should reflect the improvements in granularity, accuracy and transparency of network information data - particularly given the seven-year implementation window which will see several cycles of ISP development.

Alignment with existing reporting requirements

The AEMC has acknowledged the breadth of reporting processes, guidelines and requirements which will be impacted by this rule change. Similarly, our recent submission to the AER’s network performance reporting consultation⁹ highlighted that:

⁷ Nexa Advisory, [Improving consideration of demand side factors in the ISP draft determination submission](#), November 2024

⁸ Nexa Advisory, [Nexa Advisory Submission - AEMO ISP Methodology](#), November 2024

⁹ Nexa Advisory, [Nexa Advisory Submission - AER Network Performance Reporting](#), October 2025

- distribution planning reporting reforms currently being undertaken by the AEMC will necessitate equivalent shifts in performance reporting; and
- it may be appropriate not to make pre-emptive changes to the network reporting guidelines when the network data that will be reported on is likely to change in the near future.

We also encourage the AEMC to take a broader view of all relevant workstreams – including the National Consumer Energy Resources Roadmap (Data Sharing Arrangements M2 workstream) – such that the AER can implement necessary guideline updates in a coordinated and efficient manner.

Concluding remarks

The proposed IDSP Direction Paper represents a critical and timely advancement towards a smarter, fairer and more consumer-oriented NEM. To achieve the intended objectives of this rule change, we recommend the AEMC to:

- Prioritise near-term, interim solutions – such as immediate reforms to the DAPR template or through the introduction of ‘mini-DAPRs’ to enable achieve network information transparency for C&I CER, EV and EVCI uptake, demand-side response and flexibility services;
- work with AEMO to build on their approach of implementing the DSF Information Guidelines – with a view of long-term alignment with the IDSP;
- leverage the upcoming Review of the ISP to improve how the ISP incorporates CER and demand-side factors; and
- work with the AER to minimise ongoing, duplicative changes to performance reporting requirements.

Thank you for the opportunity to provide input into the Directions Paper. We welcome the opportunity to further discuss any aspect of our submission - please contact either myself or Jordan Ferrari, Director - Policy and Analysis, jordanferrari@nexaadvisory.com.au.

Yours Sincerely

Stephanie Bashir
CEO and Principal
Nexa Advisory