

AusNet Response to Draft Determination on Enhancing Distribution Network Planning and Reporting (ERC0410)

Introduction

AusNet welcomes the opportunity to respond to the AEMC's Draft Determination on enhancing distribution network planning and reporting.

As a Victorian Distribution Network Service Provider (DNSP) committed to enabling the energy transition and delivering value to customers, we support the Commission's draft rule to replace the existing Distribution Annual Planning Report (DAPR) with a new Distribution Network Development Plan (DNDP) framework.

We recognise the clear and growing value of improved transparency and longer-term visibility across distribution networks, particularly at the low voltage (LV) level where the increasing penetration of Consumer Energy Resources (CER) is driving both new challenges, and opportunities. Improved strategic planning and visibility of LV network conditions has the potential to materially support investment decisions by customers and market participants, and to enable more efficient integration of CER. It may also expand the offering of CER-based non-network services, supporting more efficient allocation of network capital expenditure.

Achieving these outcomes requires a carefully calibrated implementation approach. The costs and practical challenges associated with longer-term planning and more granular LV information are material. It is important that cost recovery is addressed via this rule change as distributors are not funded to resource a regulatory change of this magnitude.

AusNet supports a new DNDP framework

AusNet supports the overall structure of the proposed framework, including a scenario-based DNDP, a 20-year outlook, a targeted annual update, and flexible, principles-based data reporting. These elements represent a logical evolution of the current planning framework and are consistent with the increasing complexity of distribution network planning in a high-CER environment.

We agree that the current DAPR no longer adequately supports the needs of stakeholders in this context and accept that there is a clear benefit in improving both transparency and consistency of long-term strategic planning information across DNSPs. We support the intent to provide a clearer link between long-term planning and near-term investment decisions, while also creating efficiencies in stakeholder engagement and forecasting processes.

AusNet supports the intent to align the DNDP with 5-year regulatory proposals. We encourage the AEMC to be more explicit in the final rule to require the AER to demonstrate how it has considered the DNDP assumptions, forecasts and data sets when assessing the merits of the associated regulatory funding submissions. For instance, a 20-year view of the network upgrades needed to accommodate full electrification will help frame near-term 5-year investment forecasts and encourage consideration of optimal delivery profiles over multiple regulatory periods. In Victoria, this includes the impact of the decarbonisation and/or decommissioning of gas networks, which will require material uplifts in network capacity, even with significant orchestration. Clear direction in the final drafting requiring the AER to demonstrate how its approved revenue allowances fit within – or deviate from - the context of the 20-year strategic plan for the network will enhance the value to consumers from this rule change.

Balancing transparency and implementation

AusNet supports the objective of increased transparency, particularly in relation to LV network capacity and constraints, given transparency is a key enabler of efficient CER integration.

The draft rule appropriately establishes a framework that relies on AER guidelines under clauses 5.13.3 and 5.13A.2 to determine the detailed requirements of the DNDP and data reporting obligations. This flexibility is

important as it allows the framework to evolve over time and to reflect differences in DNSP capability and data maturity, consistent with clause 5.13A.2(d), which explicitly contemplates staged and differentiated implementation.

However, the practical implication is that the success of the framework will directly depend on how the AER consults on, develops, and applies those guidelines. In our view, the AER must do this with a strong emphasis on proportionality and customer value.

To maximise the effectiveness of the new reporting arrangement, we support the direction of the draft rule which envisages:

- a flexible, principles-based approach,
- avoidance of duplicative reporting, and
- a strong emphasis on net economic benefit to customers.

LV data should support decision-making

AusNet strongly supports improving visibility of the LV network given its increasing importance in the context of CER. The ability for customers and market participants to better understand local network constraints and capacity is critical in enabling efficient decision-making and investment in technologies such as rooftop solar, EV charging and batteries.

However, LV networks differ materially from higher voltage networks. Due to the highly granular nature of LV networks, LV asset and load data is often less complete, less accurate and more difficult and expensive to maintain. Because LV networks have very limited real time visibility compared with higher voltage networks, utilisation outcomes are significantly more sensitive to dynamic and often unpredictable customer behaviour. These characteristics mean that forecasting, particularly over longer time horizons, is inherently more uncertain than at higher network levels (e.g. feeders, zone substations) where trends are more stable due to the larger customer base supplied by those assets.

We note that the information requirements under Schedule 5.8 place greater emphasis on actionable near-term insights rather than highly detailed long-term forecasting. The final Rules should require the AER to maintain and reinforce this principle when developing the data reporting guidelines.

The focus should be on providing aggregated, indicative insights that support decision-making, rather than attempting to produce highly granular or precise forecasts that may not be sufficiently reliable.

Longer-term horizons will help plan future investment and system developments

We consider the requirement to adopt a 20-year planning horizon under clause 5.13.1(d) is appropriate for strategic planning and alignment with system-wide processes such as AEMO's Integrated System Plan (ISP). AusNet is supportive of this extension to the planning horizon and believes it will enable improved system-wide planning in a high-CER NEM.

However, it is important that stakeholders clearly understand and rely on DNDP outputs as scenario-based and indicative only, particularly beyond the initial years.

Forecast uncertainty increases significantly over time, particularly at the LV level. As such, stakeholders must view the DNDP as a tool for identifying the scale and nature of future investment needs and for signalling potential system developments, rather than for predicting the precise timing or location of specific constraints.

Clarifying this in the final determination will help ensure DNDP outputs are interpreted appropriately and not used beyond their intended purpose.

Cost, funding, and regulatory alignment

The DNDP framework represents a material expansion of scope relative to the current DAPR. It introduces new requirements for long-term scenario-based planning, expanded data reporting, and enhanced analysis, all of which require additional systems, data capability, and engineering effort.

The DNDP is not a like-for-like replacement of the DAPR; it is a step change in planning and reporting expectations. The scale and complexity of the new requirements extend materially beyond those associated with the existing DAPR, and the removal of the DAPR obligations do not offset these incremental costs.

For Victorian DNSPs, the 2026–31 EDPR has now been finalised, and the costs associated with DNDP implementation will arise within a period where revenue allowances have already been set. While we estimated in our revised EDPR proposal that it would cost approximately \$4 million over 5 years to deliver and properly resource the DNDP (then the Integrated Distribution System Plan or IDSP), the AER did not approve this step change. The AER did not consider the proposed \$4 million prudent and efficient because, 'there remains significant uncertainty regarding the scope and timing of the rule change'.¹ However, the draft decision does not change our view on the additional resourcing needed to comply.

Moreover, the pace of regulatory and policy change is currently rapid at both State and Federal levels. While the AER considers that, 'incremental regulatory costs associated with growing obligations' are funded by the base and rate of change components of their opex forecasting approach, we have seen several new, unfunded regulatory obligations emerging since our Final Decision was published, including this rule change. While these are not material enough in isolation to reach our cost pass through threshold of approximately \$9 million for each regulatory year, in aggregate the impact is material, and we do not agree that our next period's opex allowance accounts for this. This is particularly true given the increasing pressures that are emerging from an increasingly complex operational environment due to the energy transition (for example, managing the impact of higher CER penetration), for which there is also no explicit funding provided.

Without commensurate funding to meet new obligations such as this new rule, there is a likelihood of violating the Revenue and Pricing Principles. The practical impact of this would be to reduce activity on alternative operations to ensure funding for this rule change.

Alignment with Victorian jurisdictional reporting

We support alignment between DNDP arrangements and Victorian reporting frameworks where practicable, including the potential for more integrated or consolidated reporting outputs. This will increase efficiency by reducing reporting duplication and improve clarity for stakeholders.

Transitional arrangements

The draft rule links DNDP preparation to regulatory submissions under clause 5.13.1 (a), with annual updates required in intervening years under clause 5.13.2. For Victorian DNSPs, continued jurisdictional DAPR requirements create transitional complexity.

The draft transitional rules require Victorian distributors to comply with the existing rule 5.13 until 31 December 2028. Given that the next Victorian EDPR period commences in July 2031, additional clarity is needed to avoid uncertainty regarding:

- timing of the first DNDP,
- timing of annual updates, and
- potential gaps between final DAPR and first DNDP.

We recommend inclusion of a clear timeline in the transitional provisions outlining:

- final DAPR timing,
- first DNDP,
- first DNDP update, and
- alignment with EDPR cycles.

Alignment with broader reforms

We recommend that the AEMC considers the DNDP framework alongside related energy transition initiatives, including the National CER Roadmap, evolving DSO responsibilities, and AEMO's Transmission–Distribution Coordination work.

The final determination should explicitly address how DNDP transparency will complement these reforms without creating parallel reporting frameworks.

¹ AusNet 2026-31 Final Decision, Section 3.4.4.11

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Summary

AusNet supports the direction of the Draft Determination and the transition to a DNDP-based framework.

These changes will deliver improved transparency, increased visibility of LV network conditions, and better alignment with system planning.

However, successful implementation will depend on:

- proportional and practical LV data requirements;
- recognition of required capability uplift and costs;
- alignment with regulatory funding frameworks; and
- integration with broader reform initiatives.

Ensuring these changes are delivered in a manner that is proportionate, practical, and aligned with customer value – while recognising the real cost and complexity of implementation – will maximise the success of this reform.

Sincerely,



Nick Cimdins
Senior Manager, Energy Transition Policy (Distribution)

AusNet