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Enhancing Distribution Network Planning and Reporting – Draft determination

Choose an item.

EnergyAustralia is one of Australia's largest energy companies with around 2.2 million electricity and gas accounts across eastern Australia. We also own, operate and contract a diversified energy generation portfolio across Australia, including coal, gas, battery storage, demand response, wind and solar assets, with control of over 5,000MW of generation capacity.

We appreciate the opportunity to provide feedback on the Australian Energy Market Commission (AEMC) draft determination *Enhancing Distribution Network Planning and Reporting*. The draft aims to enhance distribution network planning and the availability of consistent distribution network data by establishing a new long term distribution planning process. In our view, this is a necessary step that provides distribution businesses (DNSPs) with a reporting framework that is better aligned with the needs of stakeholders and customers, and there are many positive aspects to the AEMC's proposed approach. For instance:

- The DAPR was widely acknowledged as no longer fit for purpose, and the proposed approach with a targeted annual update to preserve near-term transparency is structurally sounder.
- Requiring DNSPs to use AEMO's Inputs, Assumptions and Scenarios Report as the baseline for their scenario analysis is a meaningful reform and we believe the AEMC's approach strikes a reasonable balance between what is being asked of DNSPs and the likely benefits of that reporting. The AEMC's approach addresses the fragmentation problem of different DNSPs using entirely different scenario assumptions, making cross-network comparison impossible. This is possibly useful more broadly within the context of network regulation.
- The four-year timeline which ties the DNDP to the next regulatory proposal cycle uses existing regulatory machinery to drive implementation rather than creating a new standalone compliance process. Additionally, the two-year data reporting timeline reflects the urgency with which EnergyAustralia and industry need near-term data availability.

However, the approach taken to the establishment of the DNDP needs work to ensure it delivers the necessary outcomes. The draft does not clearly address the issues that the competitive market faces with respect to information asymmetry on a low-voltage level. As such, the draft determination fundamentally does not address the key issues that industry identified the AEMC ought to address in responding to the original proposal from Energy Consumers Australia (ECA). In our view, this relates mainly to the need for explicit inclusion of low-voltage data at a feeder level to provide the competitive market with opportunities to respond to DNSP and broader system needs in a proactive manner.

We have provided a confidential appendix which contains examples of situations in which this information would have allowed the competitive market to respond and demonstrates the impact of the current lack of visibility of this type of information.

In addition, while the draft determination requirement that the AER follow the consultation procedure outlined in the Rules when developing or amending guidelines provides stakeholder accountability, we do have some concerns about the AER's ability to undertake this work in practice with the limited specific guidance set out in the current drafting.

Energy Australia's views in relation to the draft determination and the AEMC's specific questions are set out below.

Question 1: Guidance on the application of the 20-year planning horizon

Within the draft rules, Schedule 5.8 Distribution Network Development Plan (DNDP) sets out some guidance on the application of the 20-year planning horizon but mostly relies on the AER's development of guidelines. We are concerned about the AER's capability to establish guidelines which deliver the desired outcomes based on the current drafting of the Rules. We consider the AEMC should embed more specific guidance on the low voltage network horizon obligation in the rules, given that low voltage capacity data is the most commercially significant information gap for CER and electrification investors. At minimum, the rules should define what "classes of low voltage assets" means and set a floor on the spatial granularity of forecasts.

The draft rule should also explicitly require that the first 10 years of the DNDP be presented with sufficient granularity to support commercial investment decisions. At present there is significant risk that DNSPs provide only compliance-level disclosure. The current framing of detail requirements leaves a gap in the 6–10-year window that we have previously submitted is the most useful for assessing projects such as community batteries and transport electrification infrastructure.

We do not think that this concern is unwarranted. Under present arrangements there is a commercial advantage afforded to DNSPs through this information asymmetry in relation to low-voltage capacity data. It makes it difficult for the competitive market to respond with network support service alternatives to augmentation, which in turn allow for DNSPs to claim market failure when requesting exemptions to operate in what would otherwise be competitive spaces. It is also difficult for the AER or other parties to provide a counterfactual to that market failure claim as long as that information asymmetry exists, since the DNSP is not required to provide information that would not support their application. This is not in the long-term interests of customers given the costs of DNSPs are recovered irrespective of whether those costs were the most appropriate costs to be incurred.

Question 2: Is the purpose of the Distribution Network Development Plan sufficiently clear

The draft rule establishes the following purpose in the NER:

"The purpose of the Distribution Network Development Plan is to maximise the long-term interests of consumers across a range of future scenarios."

The draft determination notes that stakeholders who commented on purpose emphasised that it should provide transparency on long term network direction, align distribution planning with the ISP, signal future investment needs to industry, and provide context for regulatory proposals, rather than serving as a static compliance report.

Almost none of this feedback is reflected in the proposed purpose statement, which is essentially a restatement of the National Electricity Objective. It tells a DNSP what to optimise for but says nothing about what the DNDP is supposed to do: whether it's a transparency instrument, a planning accountability mechanism, a signal to the market, or all three. We consider it is most appropriately thought of as all three.

The DNDP is meant to serve multiple audiences: CER investors, non-network providers, consumers and community groups, regulators assessing regulatory proposals, and the broader market. The purpose statement makes no reference to any of these audiences, which also means there is no anchor in the rules to hold DNSPs accountable if their DNDPs are technically compliant but practically useless to third parties. The AER also suffers from information asymmetry when it is tasked with regulating these monopolies and ensuring there is a clear expectation set out in the rules for the AER to hold as a minimum standard would also support the practical establishment and implementation of this reporting.

The AEMC intends to adopt a functional, user-oriented purpose for the data reporting framework, and we consider that the same standard ought to be applied to the DNDP purpose. To that end, we consider the AEMC should:

- Amend the purpose statement to make explicit that the DNSP is intended to provide transparency to distribution network users and third-party participants, for instance: *The purpose of the Distribution Network Development Plan is to provide distribution network users, consumers, CER investors and non-network participants with transparent, long-term visibility of how distribution networks are expected to develop, to support informed investment decisions and efficient non-network solutions, across a range of future scenarios.*
- Qualify what 'long term' means in the purpose, to make clear that the DNDP must also serve near-to-medium term transparency needs.
- Better specify what the AEMC means by 'across a range of future scenarios', given the lack of specificity could result in a DNSP satisfying the purpose with a minimal set of scenarios which give the appearance of robustness without delivering any genuine planning flexibility.

Question 3: Annual update and form of content considerations

When Energy Consumers Australia lodged this rule change request, their main concerns were that:

- DNSPs lacked public data strategies to improve data capture and data sufficiency over time.

- DNSPs were not transparently sharing information about network and CER hosting capacity and constraints, and,
- As a result, network users and third parties do not have access to the relevant data to invest in CER.

In our view, the annual update is the mechanism within the new framework that operates on a timescale relevant to investment decisions made in the next one to three years. If the annual update's most commercially useful content: planned project changes, scenario updates, CER constraint visibility, is left to AER guidelines rather than embedded in the rules, the reform risks delivering limited useful transparency. We believe the AEMC should treat the annual update with the same thoroughness it has applied to the DNDP, rather than outsourcing that requirement to the AER.

The AEMC could do this by:

- *Returning planned network project changes to the rules.*
This information is too important for third-party investment decisions to be subject to guideline discretion, which can be eroded over time. The AER can specify the form and detail of this reporting in guidelines, but the obligation to provide it should be locked in the rules.
- *Returning scenario likelihood changes to the rules.*
The AEMC chose to remove this requirement to align reporting, which is procedurally convenient but substantively weak. Scenario likelihood is a direct input to investment decisions by CER investors and non-network providers. The intended purpose of the original rule change proposal is not met by the AEMC's proposed approach.
- *Require updates on material hosting capacity constraints relevant to CER integration since the publication of the DNDP in the annual update.*
A summary-level obligation in the annual update would be enough to achieve this. This would aim to bridge the gap between the five-yearly DNDP and the data reporting framework, which won't be operational until at least September 2028.
- *Require reporting on emerging constraints trending toward a system limitation, even if that threshold hasn't been reached yet.* This preserves the prospective function of the current DAPR (which is useful) and is critical for enabling informed investment decisions in the two-to-five-year window.
- *Non-network engagement reporting should be focused on outcomes, not outputs.* For instance, which non-network options were assessed, why they were or were not pursued, and whether previously identified opportunities were acted on. Without this, the reporting obligation does not drive accountability.
- *Change the timing of the first annual report.*
The rules should be amended, so the first annual update is not due simultaneously with the DNDP. A six-month lag after DNDP publication would be more appropriate, giving DNSPs time to receive stakeholder feedback on the DNDP and report meaningfully on any material changes. Publishing both at the same time provides no transparency benefit and sets a poor precedent for what the annual update is supposed to achieve.
- *Provide the AER with more specific instructions on the expected and required content of content embedded within the Rules.*
Given the AER's discretion to adjust annual update content to avoid duplication with the data reporting framework, a minimum content floor in the rules that cannot be reduced through the guideline process would be preferable. This would prevent the annual update from being progressively hollowed out over time, as we have experienced with other guidance (i.e. the Ringfencing rules). At minimum, the floor should include changes to planned network projects, changes in scenario likelihoods, RIT-D project progress, non-

network engagement outcomes, and a summary of material changes to CER hosting capacity.

Question 4: Efficacy of the Purpose statement in describing framework scope

The draft rule establishes the following purpose for the distribution network data reporting framework:

"To improve visibility on the state of distribution networks, in a way that maximises the benefits to current and prospective network users, including visibility on: 1. the current state of distribution networks, such as available capacity at zone substations or indicative local network constraints; 2. the historical state of distribution networks, such as utilisation or levels of curtailments; and 3. the expected state of distribution networks within the next 5 years, such as whether there are known constraints on zone substations and any existing plans to address them."

The draft determination elsewhere explicitly identifies the lack of low-voltage network data as one of the two key problems the framework is meant to solve, but the purpose statement's examples do not include any low-voltage data types. The original rule change request sought to make CER hosting capacity and low-voltage network data available to the competitive market as a near-term priority. The purpose as currently drafted does not clearly mandate that data category. An AER that follows the current purpose closely could produce guidelines that improve zone substation transparency while leaving the low-voltage and CER-specific data gap effectively unaddressed and would not have specific recourse when attempting to address this lack of detail with the DNDP creator.

The specific low-voltage data types that industry requires better visibility of, and that the purpose does not capture, include:

- Feeder-level hosting capacity for rooftop solar and other CER
- Low-voltage transformer utilisation and thermal capacity
- Feeder-level export curtailment rates (current and forecast)
- Low-voltage constraint locations affecting DER connection
- Smart meter data aggregates indicating network stress at the feeder or transformer level
- Available export capacity by feeder or connection point
- Any dynamic operating envelopes (DOEs) and the rules governing them, which are critical for solar and battery owners making investment decisions
- Battery and demand response asset locations and contracted capacity that affect network headroom
- EV charging load forecasts by area
- Virtual power plant (VPP) and aggregated DER capacity registered on the network
- CER connection queue data, i.e., how many connection requests are pending and where.

In addition, resilience information would present an opportunity to provide either network support services at lower cost than augmentation, or, would allow for retail businesses to provide grid support products to customers at greater risk of prolonged outage or stranding.

We acknowledge that purpose as drafted could theoretically capture some of these under "current state" and "expected state," but the illustrative examples lean strongly toward static capacity data at the zone substation level. An AER guideline focused only on that level would technically satisfy the purpose while leaving out the dynamic, real-time and forward-looking CER data that competitive market participants need.

The purpose as drafted is oriented toward static data publication. It describes states (current, historical, expected) rather than data streams or interactive tools. This creates ambiguity about whether the AER can use the purpose to justify requiring DNSPs to maintain live data portals or APIs, or whether it is limited to periodic reports. Data published in PDFs or static spreadsheets is practically inaccessible for sophisticated commercial modelling. The AEMC may intend that the AER specify this, however we believe that the AEMC ought to specify the AER require the data to be made available in the most relevant format for the intended users (competitive market) and thus needs to be (where possible) dynamic.

Additionally, the historical data component of the purpose must be clearer about its intended use. In our view, it should support long-run trend analysis and investment decision-making, not just retrospective compliance reporting. Historical data is more broadly valuable for regulatory bodies (and industry) as it allows:

- Benchmarking current performance against past performance,
- Identifying long-run constraint trends that inform investment decisions,
- Supporting regulatory scrutiny of DNSP expenditure efficiency, and,
- Enabling third parties to calibrate models of network behaviour.

Question 5: Does the draft rule provide appropriate guidance for the AER when preparing the guidelines?

We have described throughout this submission our concerns regarding the level of guidance for the AER contained within the draft rule, and in broad terms do not consider it to provide a sufficient level of guidance to the AER. An item we have not directly addressed already is that the framework's purpose should give the AER clearer guidance on the distinction between genuinely private data and aggregated network data that happens to be derived from individual metering.

We acknowledge that smart meter data and granular household-level consumption data raise genuine privacy concerns. Without clearer purpose guidance on what level of aggregation is sufficient and what granular data is intended to be captured, DNSPs retain a clear path to resisting more detailed data requirements by invoking privacy concerns even at aggregation levels (feeder or transformer level) where individual identification is not realistically possible. Our expectation is that the AEMC will specify that the data be aggregated at a feeder level, perhaps specifying a minimum number of customers per feeder which if not met could be aggregated at transformer level instead, to account for less densely populated network infrastructure. This level of detail is most helpful for retailers in designing customer-facing products as well as network support services, and for enabling other CER industry participants in providing accurate information to customers to inform their investment decisions, both of which in turn lead to good customer outcomes and enhanced trust in the energy market and system.

If you would like to discuss this submission, please contact Travis Worsteling on (03)9060 1361 or by email: Travis.Worsteling@energyaustralia.com.au.

Regards

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