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04 June 2026

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

Dear Mr Tsikrikas,

AEMC - DRAFT DETERMINATION ON ENHANCING DISTRIBUTION NETWORK PLANNING AND REPORTING

Essential Energy welcomes the opportunity to provide feedback on the Australian Energy Market Commission's (AEMC) draft determination on Enhancing Distribution Network Planning and Reporting, formerly the Integrated Distribution System Planning rule change.

Essential Energy supports the objective of improving long term distribution network planning, transparency and enhanced outcomes for all stakeholders. However, Essential Energy has concerns that the final rule should avoid creating duplicative reporting obligations, recognise the substantial NSW planning reform program already underway, and ensure implementation is proportionate to Distribution Network Service Provider (DNSP) capability and network characteristics. This is especially important for rural and regional DNSPs such as Essential Energy, where network scale, geography, customer density and data capability materially affect the cost and practicality of new reporting obligations.

In summary, Essential Energy considers the final rule should:

- **Better recognise the NSW reform context**, including the NSW System Plan, EnergyCo's jurisdictional planning role, the NSW Distribution System Plan (DSP) Opportunities Report[1], hosting capacity tools and other planning processes already underway. Essential Energy supports the AEMC's emerging jurisdictional equivalent approach, whereby existing jurisdictional planning and network visibility outputs can be used to satisfy relevant DNDP requirements where they meet the same transparency objective. The actions of jurisdictions to respond to the need for planning reform are clearly clarified and confirmed in the final determination.
- **Ensure the DNDP remains a strategic planning document**, rather than becoming a compliance document that drives DNSPs towards standardised outputs that are not genuinely used for investment decisions.

[1] Essential Energy, Ausgrid & Endeavour Energy, 2025, NSW DSP Opportunities Report.

- **Clarify the AER's role and the practical use of DNDP outputs**, including how DNDPs will be considered in regulatory proposals, Regulatory Investment Test for Distribution (RIT-D) processes, contingent project mechanisms and other investment pathways.
- **Confirm the transition from the Distribution Annual Planning Report (DAPR) to the DNDP**, including the expectation that NSW DNSPs will not be required to publish a final DAPR in December 2027 before submitting their first transitional DNDP with their January 2028 regulatory proposal submissions.
- **Address the need for gas network data in electricity network forecasting**, given the potential for gas to electric conversion to materially affect local low voltage and medium voltage demand over the DNDP planning horizon.

These points and others are explored in greater detail below.

INTERACTION WITH THE NSW SYSTEM PLAN, ENERGYCO REFORMS AND EXISTING NETWORK VISIBILITY TOOLS

Since Essential Energy's first submission to this rule change process in July 2025, we have raised concerns about the interaction between the proposed national distribution planning framework and the number of strategic planning documents and processes currently being developed in NSW. These concerns remain valid at the draft determination stage. Essential Energy welcomes the AEMC's recognition that existing jurisdictional planning work may be capable of being used to satisfy relevant DNDP requirements, where that work meets the same purpose or transparency objective.

While the AEMC has recognised specific jurisdictional planning interactions for Victorian DNSPs, the draft determination should more clearly confirm that the same flexibility is available for NSW DNSPs, given the equivalent and more material reform programs currently underway in NSW. NSW is currently undertaking or progressing a number of planning, data and network visibility reforms that overlap with the outcomes the DNDP framework is seeking to achieve. These include:

- **NSW System Plan and Transmission Planning Review** – the NSW Transmission Planning Review has recommended the development of a consolidated NSW System Plan to coordinate the TAPR, DAPR, AEMO Services' NSW Infrastructure Investment Objectives Report, Renewable Energy Zone development pathways and common NSW CER and load forecasts. This is intended to create a single NSW planning umbrella.
- **EnergyCo's jurisdictional planning role** – EnergyCo's role as the NSW jurisdictional planner will reshape planning assumptions, data flows and joint planning processes at both transmission and distribution levels.
- **NSW DSP Opportunities Report** – Ausgrid, Endeavour Energy and Essential Energy have jointly developed the inaugural DSP Opportunities Report as a coordinated distribution level planning pathway. The report provides a granular, bottom up distribution perspective on future network needs and opportunities, including latent capacity, distribution connected storage, coordinated CER and targeted value pathways such as Local Energy Precincts and Generation Rich Zones. NSW Government is looking to help coordinate implementation of these opportunities in the coming years.
- **NSW Network Hosting Capacity Opportunities Map** – NSW DNSPs and the NSW Government have jointly published a consolidated, interactive map on the NSW Spatial Digital Twin platform. This map provides a consolidated view of available generation and load capacity and exposes layered DNSP

datasets that proponents can interrogate without separate bilateral data requests. This map is updated annually.

- **AEMC review of the ISP framework** – the AEMC is also progressing a broader review of the ISP framework, which may further evolve the ISP into a longer term strategic planning document with stronger distribution level inputs.

Collectively, these initiatives provide, or are expected to provide, many of the transparency and coordination outcomes the DNDP framework is intended to achieve. This includes geographically searchable spare capacity, forward projections of where electrification and CER growth may outstrip local capacity, indicative augmentation cost ranges, and a clearer line of sight between distribution opportunities and whole of system planning.

Essential Energy considers the final determination should expressly confirm the jurisdictional equivalent approach for NSW. In particular, the AEMC should adopt an approach for NSW that is at least as flexible as the approach proposed for Victorian DNSPs, where the draft rule would allow annual update requirements to be reported together with existing jurisdictional planning material. The same principle should apply in NSW, where existing and emerging jurisdictional planning documents and data platforms already address many of the proposed DNDP objectives.

Essential Energy considers the final rule should be designed around a "one set of inputs, multiple uses" principle. Related planning processes/reports should be capable of drawing from common inputs, assumptions, datasets and engagement processes wherever possible. This would reduce duplication, improve consistency and avoid asking stakeholders to navigate multiple overlapping reports that describe similar planning issues in different ways.

Existing NSW outputs, including hosting capacity platforms, DSP opportunities work, AEMO and ISP processes, and NSW system planning processes, should be capable of being referenced or incorporated into the DNDP framework rather than recreated in a new national template. Codifying this flexibility in the final rule, or clearly confirming it in the final determination, would reduce the risk of inefficiency, duplication and stakeholder confusion.

THE DNDP PROCESS SHOULD BE DESIGNED TO ENABLE STRATEGIC LONG-TERM PLANNING

As highlighted above, Essential Energy, Endeavour Energy and Ausgrid have jointly developed the DSP as a coordinated planning pathway. The DSP demonstrates an approach that supports meaningful long-term planning because it is:

- Based on a bottom up technical and economic model built at the zone-substation level that links distribution constraints with wholesale market outcomes
- Long-term, adopting a 20-year time horizon that considers how to manage structural and strategic shifts, including demand growth, resilience and emissions objectives, and supports improved efficiency in planning through better alignment of infrastructure development with long-term policy goals and market needs, and
- Locally relevant, adopting assumptions and scenarios that reflect the specific needs and considerations of each DNSP, which in the case of Essential Energy can be substantially different to those of other metropolitan networks.

While the AEMC's draft determination seeks similar planning outcomes to the DSP, Essential Energy is concerned that these outcomes may not be fully achieved by the DNDP process as proposed unless the

final rule preserves flexibility for DNSPs to draw on existing strategic planning work. In particular, there is a risk that once long term planning requirements are embedded into a regulatory compliance document, DNSPs may naturally gravitate towards scenarios, assumptions and outputs that are more standardised, more defensible and "closer to the mean". This may reduce the flexibility and strategic ambition that was evident in the DSP, which was developed organically as an opportunity led planning exercise rather than as a mandated compliance reporting obligation.

This is particularly important given the proposed alignment of the DNDP with regulatory proposals. While that alignment has practical administrative benefits, it may also inadvertently result in the DNDP becoming a compliance document, rather than a source of meaningful strategic guidance. Recognising jurisdictional equivalents, including the NSW DSP Opportunities Report and related NSW planning outputs, would help preserve the strategic value of this work while reducing duplication.

THE AER'S ROLE MUST BE CLARIFIED AND ALIGNED WITH THE OBJECTIVES OF REFORM

The risk of the DNDP process not having sufficient strategic impact is exacerbated by the framing of the role of the AER as little more than a recipient and publisher of networks' DNDPs. The AEMC has been clear throughout the consultation that the AER will not 'approve' DNDPs, so it is unclear what purpose the DNDP will serve in the AER's regulatory decision making or in fact more broadly. If the AER has no obligation to consider a DNDP, the planning, investment analysis and stakeholder engagement undertaken to produce it may have limited regulatory value.

This would be a missed opportunity. The DNDP framework should not only improve transparency, but also support practical and efficient investment making. Identifying strategic distribution opportunities is valuable, but it does not itself resolve how those opportunities are funded or delivered. Without a clearer connection to regulatory proposals, RIT-D processes, contingent project mechanisms, NSW system planning arrangements or other expenditure approval pathways, there is a risk that the DNDP becomes another compliance report that improves visibility but does not materially assist DNSPs, regulators or governments to progress efficient investments.

It is also unclear how the AER would view DNDP scenarios and assumptions that differ from those used in regulatory determinations. While the draft rule preserves flexibility to depart from AEMO's IASR where appropriate, the value of that flexibility may be limited if the AER does not recognise those scenarios when assessing regulatory proposals.

In its final rule, the AEMC should clarify how the DNDP can be developed in parallel with regulatory proposals without being subject to the same forms of AER review and assessment. The final rule should also provide guidance on how the AER should formally 'have regard' to the DNDP as part of its broader assessment of regulatory proposals, to ensure that the time and resources that DNSPs commit to developing these planning documents ultimately provides value.

DAPR CUTOVER AND 2028 REPORTING OBLIGATIONS

Essential Energy understands that NSW DNSPs will not be required to publish a final DAPR in December 2027 before submitting their first transitional DNDP with their regulatory proposals in January 2028. Essential Energy supports this approach and requests that the AEMC confirm this position clearly in its final determination.

The first transitional DNDP will be due only around 5 or 6 weeks after the usual DAPR publication deadline and would draw on substantially similar planning inputs. Requiring both a final DAPR and an inaugural

transitional DNDP within such a short period would create unnecessary duplication, at a time when NSW DNSPs will also be finalising their regulatory proposals. It would also divert planning resources away from the new DNDP framework, without providing material additional transparency for stakeholders.

For these reasons, Essential Energy supports the December 2026 DAPR being the last DAPR required for NSW DNSPs before the DNDP framework commences.

ANNUAL UPDATE SHOULD REMAIN TARGETED AND SHOULD NOT INADVERTENTLY RECREATE THE DAPR

Essential Energy supports the use of an annual update to maintain transparency between five yearly DNDPs. However, the annual update should operate as a targeted material-change update, not a full annual refresh of the DNDP or a re-created DAPR.

The annual update should focus on material changes since the DNDP or previous annual update, including changes to major projects, RIT-D activity, relevant non-network activity and material changes to planning assumptions. It should not require DNSPs to comprehensively refresh 20 year forecasts, scenario analysis or detailed constraint reporting every year unless there has been a material change.

VISIBILITY OF GAS NETWORK DATA TO ADD VALUE TO DNDP FORECASTS

Jemena's NSW Gas Network has over 1.5 million gas connections in NSW. There are also nine other gas distribution networks within Essential Energy's footprint, with tens of thousands of additional gas customers.

In Jemena's most recent Access Arrangement for 2025-30, Jemena forecasts a 70% to 80% reduction in customer numbers by 2050, with a similar reduction in gas throughput. By the time Essential Energy is required to produce its first mature DNDP forecast, the DNDP will need to forecast out to around 2048, broadly the same period in which Jemena expects gas customer numbers and consumption to fall to around 20% of current levels.

This transition is likely to materially increase electricity demand in parts of Essential Energy's network where gas networks are present. While more efficient electric appliances will offset some of this increase, the net impact of fuel switching from gas to electricity is expected to be material and highly location specific, particularly at the low voltage level. The greatest increase in demand is also expected to occur in winter, when solar generation is at its lowest, increasing the potential for strain on local low voltage networks. Recent work by CitiPower has highlighted that some customer loads can increase by up to four times in winter when switching from gas to full electrification. This has also been replicated in AusNet's recent gas reopener process.

Essential Energy currently has limited visibility of gas connection and consumption data. This challenge is compounded by policy settings that may accelerate switching from gas to electricity in particular locations, such as jurisdictional or council rebates or incentives that encourage households to replace gas heating with reverse cycle air conditioning. This means Essential Energy will be required to forecast solar, batteries and EV uptake across its low voltage network, but will not be able to accurately estimate the increase in peak load from customers converting from gas to electricity. This could materially undermine the accuracy and usefulness of DNDP forecasts, particularly where customers, proponents and other stakeholders use those forecasts to inform investment decisions.

The impacts of this transition will be highly localised, including at the individual transformer level, with cumulative impacts at related zone substations. Essential Energy does not currently know which customers are connected to gas, their customer class, how much gas is consumed, when that gas is consumed, or precisely where all gas network assets are located. As a regional network with long radial feeders, the impact may be greater than in more dense urban networks.

The DNDP forecasts would be more robust if DNSPs could access granular gas connection and consumption data. This would allow DNSPs to overlay gas networks with electricity networks, estimate gas consumption profiles at the transformer level, and work with gas networks to forecast the impact of electrification across low voltage and medium voltage networks over time.

Essential Energy considers the new DNDP framework should explicitly recognise the need to forecast the transition from gas to electricity. This should include mechanisms for gas networks to contribute to the development of these forecasts through joint planning processes, and to provide DNSPs with sufficiently granular gas connection and consumption data to support accurate, location specific electricity network forecasts. If the AEMC considers this issue cannot be fully addressed through the DNDP framework, Essential Energy considers it should be progressed through another appropriate AEMC process.

CLARIFYING THE RELATIONSHIP BETWEEN THE DNDP FRAMEWORK AND THE DATA REPORTING FRAMEWORK

Essential Energy seeks clarification about whether the draft rule creates two distinct obligations: the DNDP and annual update framework, and a separate distribution network data reporting framework under proposed rule 5.13A. This distinction should be outlined in the final determination, because the timing, purpose and likely implementation pathway for each framework appear to be different.

We would appreciate if the AEMC could clarify the purpose of the 5.13A framework, including if it is intended to enable standardised external hosting capacity maps, datasets, APIs, data roadmaps or other external data publication tools. The final rule should also explain how existing NSW tools, including hosting-capacity mapping, may be recognised as satisfying future data reporting requirements.

This clarification is important because the DNDP framework is linked to the regulatory proposal cycle, while the data reporting framework may have a separate purpose and implementation pathway through AER guidelines. Clearer explanation would reduce the risk of duplicative and inefficient implementation.

CONCLUSION

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 or Mr Jon Frazer, Regulatory Strategy Senior Specialist at jon.frazer@essentialenergy.com.au .

Yours sincerely,

Hilary Priest
Head of Regulatory Affairs