

Matthew Tsikirakis

Australian Energy Market Commission

Submission made online at [www.aemc.gov.au](http://www.aemc.gov.au)

10 June 2026

Dear Mr Tsikirakis,

**Subject: ERC0410 Draft Determination – Enhancing distribution planning and reporting Rule**

SA Power Networks welcomes the opportunity to comment on the AEMC’s Draft Determination on the *Enhancing distribution planning and reporting* rule change (the Rule Change) proposed by Energy Consumers Australia (ECA).

Whilst we support the intent of both the Rule Change and the Draft Determination, we do not support the Draft Determination in its current form. Specifically, the lack of a requirement for the Distribution Network Development Plan (DNDP) to be considered by the AER when assessing a DNSP’s regulatory proposal risks the DNDP not delivering the long-term benefits to consumers envisioned by the Draft Rule. Our key views detailed in our submission are:

1. The DNDP must be included in the list of operating and capital expenditure factors under clauses 6.5.6(e) and 6.5.7(e) of the NER respectively, such that the Australian Energy Regulator (AER) would be required to have regard to a DNSP’s DNDP when assessing the DNSP’s regulatory proposal.
2. The AER’s guidelines for the DNDP should consider the interplay between the timing of the DNDP development and that of AEMO’s Inputs, Assumptions and Scenarios Report (IASR). The multi-year development process for a DNDP means that the IASR forecasts underpinning its preparation may be materially outdated upon its publication. The DNDP guidelines should provide guidance to DNSPs on the application of different versions of the IASR.
3. AEMO should be required to directly engage with and consider inputs from DNSPs in the development of the IASR. Whilst DNSPs are currently able to engage through AEMO’s Forecasting Reference Group and public consultation processes, the increased interactions and ‘feedback loops’ between distribution planning and broader system planning mean that their expertise on distribution-level demand and CER forecasts must be more formally recognised as inputs to the IASR.

We look forward to continuing to engage with the AEMC to deliver the lowest cost whole-of-system approach to enabling the energy transition. Should you have questions on any aspect of our submission, please contact Liam Mallamo, Industry Development Lead, at [liam.mallamo@sapowernetworks.com.au](mailto:liam.mallamo@sapowernetworks.com.au).



Mark Vincent

Chief Operating Officer

## **The DNDP must have a formal status in the NER with respect to the AER's regulatory determination process**

We strongly support the purpose of the DNDP as outlined in the Draft Determination, namely to *maximise consumers' long-term interests by providing a transparent, long-term plan for the development of the distribution network*. We consider that the core audience for the DNDP is the AER, as opposed to the broader industry audience contemplated by the Draft Determination. The DNDP should serve to provide useful context to a DNSPs regulatory proposal, allowing the AER to best understand the reasonableness of a DNSPs five-yearly investment proposal when viewed in the context of long-term investment drivers and the long-term interests of consumers.

DNSPs are increasingly concerned that the AER's regulatory determination setting process places too great of a focus on short-term price imperatives and does not adequately account for the long-term impacts of investment, or lack thereof, in the distribution network. This lack of focus has in-turn led to some DNSPs regulatory proposals lacking a long-term outlook, creating the very problem that the Rule Change seeks to address. The introduction of the DNDP, with its 20-year outlook, stands to facilitate a more fulsome dialogue with the AER in this regard, and would ensure that five-yearly investment proposals do in fact best promote the National Electricity Objective (NEO).

For this intent to be fully realised, however, the DNDP *must* be formally recognised within the AER's regulatory determination setting process. Without such recognition, there is a risk that the DNDP becomes a standalone planning document that does not materially inform the regulatory decisions that drive actual network investment. Ideally, the DNDP should be included in the list of operating and capital expenditure factors under clauses 6.5.6(e) and 6.5.7(e) of the NER such that the AER is required to have regard to it when assessing a DNSPs regulatory proposal. A less streamlined alternative could be a standalone principle in the Rules. In the absence of such a requirement, we would not support the introduction of the Rule.

Introducing this formal recognition of the DNDP in the AER's regulatory determination process would ensure that the DNDP provides a concrete linkage between the shift to long-term strategic planning of the distribution network envisioned under the Rule and the near-term investments being proposed in a DNSP's regulatory proposal. It would also provide greater assurance to stakeholders and consumers that the investments proposed in the regulatory period are consistent with the DNSP's published long-term plan. This would also create a stronger incentive for DNSPs to invest in the quality of their DNDP, knowing that the plan will be directly scrutinised as part of the AER's regulatory determination process. We consider this to be a positive outcome consistent with the AEMC's stated aim of creating stronger links between the distribution planning framework and the economic regulatory framework.

In the absence of such a requirement, the DNDP would become an exercise largely in reporting for the sake of compliance, a view that is increasingly taken towards the current DAPR framework. This would lead to the DNDP having no material impact on the shift towards DNSPs taking a longer-term view in planning and investing in their networks and would not support the objective of the DNDP as per the Draft Rule. It would appear illogical for such a principle to be set for the DNDP, but for the AER to then not be tasked with assessing how a DNSPs proposal would achieve this outcome. This worthy principle warrants direct consideration in assessing a regulatory proposal and should form the basis of the wording of a new expenditure factor.

Requiring the AER to have regard to the DNDP in assessing a DNSP's regulatory proposal would differ from requiring the AER to *approve* the DNDP. The DNDP would still act largely as a strategic 'framing' document, providing long-term context for the expenditure proposed over the upcoming 5-year period, as opposed to a detailed business case. Our proposed requirement would simply require the AER to

consider the DNDP, alongside other relevant factors such as benchmarking, when assessing the prudence and efficiency of a DNSPs proposed expenditure.

## **DNDP forecast timing and interactions with the IASR**

We support the AEMC's decision to require DNSPs to use AEMO's IASR to underpin the scenario analysis undertaken in their DNDP. We also appreciate the inclusion of an allowance for DNSPs to depart from the IASR where justifiable departures are identified, considering local network conditions and customer behaviour.

We consider that there may be conflicts between the timing of a DNSP's development of the DNDP and AEMO's development of the IASR, however. With the DNDP on a five-year cycle, but the IASR on a two-year cycle, there is a material risk that the version of the IASR current as of the beginning of DNDP development would be superseded by a new version by the time the DNDP is published.

The process of developing a DNDP is likely to be aligned with that of a DNSP's regulatory proposal – an undertaking currently taking approximately 3 years for most DNSPs. A key driver of this timeframe is the associated stakeholder engagement – a process which typically is heavily dependent on the discussion of high-level forecasts of demand, CER uptake and other factors affecting the development of the network. The inputs for these stakeholder discussions are the same as those used to develop the DNDP and should be aligned between the two processes. From the point at which a DNSP commences development of its DNDP – including initiating stakeholder consultation, developing network scenarios and undertaking the associated analysis – through to final publication, it is likely that AEMO will have published one or more updated versions of the IASR.

The AER's DNDP guidelines should consider potential options to mitigate this issue, including:

- the provision of guidance to DNSPs on how the transition between IASR versions should be managed during the DNDP development period, including whether and in what circumstances a DNSP is required or permitted to update its analysis to reflect a new IASR published during the preparation of a DNDP; and
- acknowledging that DNSPs may reasonably rely on the version of the IASR that was current at the commencement of the DNDP preparation process, provided that any material departures from the subsequently published IASR are disclosed and explained in the DNDP or annual update.

We note that this issue also encompasses the expectations the AER places on the forecasts used within a DNSP's regulatory proposal, a matter that today is largely left to AER discretion. We recommend that the AEMC consider whether this Rule can work to harmonise forecast requirements between both the DNDP and the expenditure proposed in a DNSP's regulatory proposal.

## **DNSP input into AEMO's IASR development**

Requiring DNSPs to use AEMO's forecasts developed in the IASR in a DNDP represents a significant step towards aligning distribution planning with broader system planning. However, DNSPs will need to be confident that the state-level IASR forecasts used take into account the locational factors affecting their network. If DNSPs are to be required to base their DNDPs on IASR assumptions, and if the DNDP is to function as a meaningful long-term planning document, then it is important that the IASR accurately reflects distribution-level data as input by DNSPs, particularly for the development of demand and CER forecasts.

The process for considering DNSP-provided data within the development of the IASR is today facilitated through formal submissions to AEMO's IASR consultation process, and the participation in AEMO's Forecasting Reference Group. Whilst many DNSPs currently leverage these processes, we consider that the additional data available from DNSPs warrants formal consideration within the IASR development process. Specifically, AEMO should be required to directly engage with and seek inputs from DNSPs in the development of the IASR and have regard to these inputs in developing their forecasts. AEMO should then be required to outline how DNSP inputs have been considered in the final IASR. We appreciate that such a change would not be within the scope of this Rule but would instead be a matter for the ISP Review to consider. We recommend that the AEMC consider whether this issue could be addressed within the scope of the parallel ISP Review.

## **Expanding the scope of factors considered within the DNDP**

The scope of the DNDP as outlined in the Draft Determination focuses on factors impacting the future need for augmentation of the distribution network, primarily with respect to network capacity. We consider, however, that capacity-driven augmentation may not be the primary driver of network investment for many DNSPs. Asset replacement expenditure is the primary concern for many DNSPs today and is forecast to increase significantly in coming years. In determining the need for and level of investment required in asset replacement, opportunities for short-term and long-term trade-offs will likely arise which may warrant consideration within the DNDP and could leverage the recommended linkage to the AER's regulatory determination. Whilst we see benefit in the inclusion of asset replacement forecasts and strategies, these factors would be presented in a less 'concrete' form than those relating to network capacity, given the inherent complexity in forecasting asset condition and replacement options over a longer-term horizon.

The need for both capacity and non-capacity driven expenditure within the DNDP should be considered not just in the context of the distribution network, but in the provision of distribution services more broadly. As DNSPs continue to transition towards a Distribution System Operator (DSO) model, the suite of options available to provide distribution services, as well as the breadth of those distribution services themselves is expanding rapidly. The DNDP should not be limited only to factors impacting the physical distribution network but rather should include factors impacting the role played by a DNSP within the broader energy system, and the associated challenges and opportunities those factors present over a long-term outlook.

## **Streamlining data reporting requirements**

The Draft Determination requires DNSPs to include the publication of detailed 5-year forecasts, and high-level 20-year forecasts, within each DNDP. The proposed data reporting framework additionally includes requirements for DNSPs to report on "*the expected state of distribution networks within the next 5 years,*" with the exact nature of this reporting, including its frequency, to be determined by the AER's data reporting guidelines.

We consider that these two requirements risk introducing duplicate reporting – specifically that detailed 5-year forecasts would be published every 5-years with the DNDP, and then again as part of the data reporting framework. Whilst the frequency at which the data reported under the data reporting framework is subject to AER guidelines, we expect it to be annual or trend towards an annual requirement over time.

This means that DNSPs would publish 5-year data in the year of a DNDP and then publish that same dataset again in their annual data reporting. For the year in which a DNDP is published, this would mean that duplicate data is published. In the second year, the forecasts would be republished under

the data reporting framework, whilst the data reported under the DNDP would not be updated and would thus become outdated.

We consider that this approach can be streamlined and recommend that the requirement to publish forecast datasets within the DNDP be removed. This is not to say that we seek to remove any level of transparency over DNSP forecasts, but rather that the DNDP remain as a document only, and that access to any underlying datasets be facilitated entirely through the data reporting framework. The DNDP would still contain high-level overviews, discussions and visualisations of the forecasts, but the root datasets would not need to be published in parallel. We consider that this would best align the implementation of the DNDP and the data reporting framework with their intended audiences, namely the AER and industry stakeholders respectively.