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4 June 2026

Matthew Tsikrikas
Senior Adviser
Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney NSW 2000

Dear Mr Tsikrikas

Re: Enhancing distribution network planning & reporting, Draft determination (ERC0410)

TasNetworks welcomes the opportunity to comment on the Australian Energy Market Commission's (**AEMC**) draft determination and draft rule to enhance distribution network planning and reporting.

TasNetworks notes that Energy Networks Australia (**ENA**) has prepared a submission on behalf of electricity distribution networks collectively and supports the comments made by the ENA, including ENA's recommendation that the National Electricity Rules (**NER**) require the AER to have regard to the distribution network development plan (**DNDP**) in its revenue reset decisions and to provide reasoning where it has specifically deviated from the DNDP.

As both the distribution network service provider (**DNSP**) and transmission network service provider (**TNSP**) for Tasmania, TasNetworks recognises that for some customers and market participants the public availability of network planning inputs and outputs is potentially an enabler of better-informed connection and investment decisions.

TasNetworks supports the proposal to replace Distribution Annual Planning Reports (**DAPRs**) with DNDPs as an opportunity to move toward a more strategic and consumer-focused planning framework. To realise the opportunity, however, we consider the draft determination requires refinement to ensure the DNDP becomes a genuinely strategic planning tool rather than a resource-intensive compliance obligation. Further consideration is required regarding planning horizons, the appropriate level of granularity for network planning, data reporting, and implementation timeframes.

TasNetworks' comments are guided by the principle that not all levels of network planning require the same degree of rigour, certainty or public disclosure. Planning horizons and reporting requirements for distribution networks should be aligned with those already established in comparable frameworks, including the Australian Energy Market Operator's (AEMO) *Electricity Statement of Opportunities* (ESOO), which adopts a 10-year outlook.

Planning horizons

TasNetworks supports extending the minimum horizon beyond the five year outlook applied to DAPRs, as this would improve stakeholder visibility for long-term investment decisions. However, conflating long network asset lives with a need for longer planning and evaluation horizons across all voltage levels is not reflective of how network planning decisions are typically made or the established economic and regulatory approaches to investment appraisal.

Network planning and investment decisions are generally based on near- to medium-term conditions, rather than the entire lifespan of the network assets. Shorter planning horizons at lower voltage levels help avoid inefficient over-investment based on increasingly uncertain long-term forecasts.

TasNetworks recommends, therefore, that the use of a 10-year horizon be restricted to the zone substation level and above. Forecasting at a low-voltage level over extended periods involves significant effort while producing uncertainty, reducing the reliability and usefulness of planning outputs. At lower voltage levels in particular, long-range forecasts give investors false confidence and contribute to sub-optimal investment decisions that are not in the best long-term interests of consumers.

These views are consistent with the majority of submissions lodged in response to the AEMC's directions paper, including that of the Australian Energy Regulator, which noted the potential value of a shorter planning timeframe for DNDPs, given the differing characteristics of transmission and distribution networks.[1] TasNetworks also notes that the ESOO published by AEMO provides technical and market outlooks over a forecast period of 10 years. Requiring DNDPs to adopt a longer planning horizon would not be proportionate to their intended purpose.

A ten-year outlook would also align with a five-yearly regulatory planning cycle and avoid imposing inefficient and unnecessary data acquisition and analytical burdens on DNSPs, the cost of which would ultimately be borne by consumers with little corresponding benefit.

Granularity

TasNetworks currently has around 370 feeders and 35,000 low voltage transformers in service. Developing detailed asset-level plans for each of those assets, even five-yearly, would not be feasible or operationally justified. In the absence of a known performance issue or replacement trigger there is generally no operational need to undertake detailed planning for individual low-voltage assets. While high-level forecasts and planning by DNSPs at the medium voltage level and above are necessary to support system-wide performance and

[1] *National Electricity Amendment (Integrated distribution system planning) Rule 2026*, AER reference 30,933,810, Australian Energy Regulator, 17 November 2025, page 2

reliability outcomes, producing plans at a feeder, low-voltage transformer or street-level would impose significant burden on DNSPs.

Planning at the level of precision contemplated by the rule change request would also require substantial investments by DNSPs in their network monitoring, modelling and planning capabilities. Those costs would ultimately be borne by consumers without demonstrable benefit for the majority of customers.

TasNetworks recommends the final rule clearly specify that DNDPs do not extend below the high-voltage feeder level, and that the AER's guidelines for data reporting reflect the same boundary.

Scenario planning

In the context of network asset management, good scenario planning typically involves a combination of top-down and bottom-up approaches, rather than an exclusive reliance on one or the other. TasNetworks considers that while there is value in using AEMO's *Inputs, Assumptions and Scenarios Report* (**IASR**) as the baseline for scenario analysis underpinning DNDPs, its use should not be mandated and it should not be onerous for DNSPs to explain their use of alternative assumptions and scenarios. In Tasmania's case the IASR provides only state-level forecasts across three scenarios. For transmission network planning TasNetworks is able to apply those forecasts at bulk supply points and could feasibly extend this approach to a high voltage feeder level for distribution planning.

Extrapolating the IASR's forecasts and scenarios beyond that level, however, would be increasingly complex and resource-intensive given the number of population centres, circuits and customer connections served by Tasmania's distribution network. Translating system-level trends and scenarios to distribution network planning risks producing unreliable outputs, as variables such as demand patterns, technology uptake, consumer behaviour and policy settings continue to evolve in ways that are difficult to predict with confidence at even a state level, let alone on a more granular basis. For third parties making investment decisions, a forecast that looks precise but is unreliable is worse than one that openly acknowledges the limits of what can be known.

Consistent with TasNetworks' view that DNDP obligations should not extend below the high-voltage feeder level, TasNetworks does not consider that the IASR should be applied by default to scenario-based planning below that level.

TasNetworks is uniquely positioned as Tasmania's DNSP, TNSP and Jurisdictional Planner. Since assuming all three functions in 2014, TasNetworks has planned and operated Tasmania's transmission and distribution networks as an integrated system, notwithstanding their separate regulatory treatment. This integrated planning approach has enabled TasNetworks to identify whole-of-system solutions that deliver more efficient outcomes for consumers.

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TasNetworks considers it important that the final rule preserves flexibility for integrated transmission and distribution planning approaches. In particular, the proposed framework should not prevent TasNetworks from using transmission network constraints, forecasts and scenarios to inform development of its DNDPs.

TasNetworks also notes that the draft rule creates a disconnect between annual transmission planning obligations and the proposed requirement for five-yearly DNDPs. Consideration should be given to ensuring the framework supports continued planning synergies for integrated network businesses.

Implementation timing

TasNetworks has already begun work on its regulatory proposal for the 2029-34 regulatory control period. With a draft plan due to be published for consultation purposes in mid-2027, there is not sufficient time available to TasNetworks to conduct the stakeholder engagement that would be required to support development of a DNDP for TasNetworks' next regulatory control period. We are also of the view that commencing even an abbreviated programme of engagement in order to develop a condensed DNDP in time for inclusion in TasNetworks' regulatory proposal for the 2029-34 will not lead to better planning and customer outcomes in that period. Therefore, we consider that TasNetworks should not be required to prepare its first DNDP until the 2034-39 regulatory control period.

TasNetworks also supports ENA's recommendations on transitional arrangements. DNSPs in NSW, Tasmania and the ACT are due to submit revenue reset proposals to the AER by 31 January 2028. The transitional arrangements should explicitly exempt these DNSPs from publishing a final DAPR in December 2027, when they are required to submit their first DNDP with their regulatory proposal shortly afterwards. Requiring both documents to be submitted in close succession would create unnecessary duplication and would be inconsistent with the objective of replacing, rather than layering onto, the existing DAPR framework.

TasNetworks also notes that the scale of system and process changes required to support DNDPs remains uncertain pending finalisation of the rule and supporting AER guidelines. Nonetheless, the final rule should allow for the fact that DNSPs across the NEM will have varying system capabilities and data maturity levels, which will affect the time required to implement the proposed framework effectively.

TasNetworks does not consider a later implementation timeframe would disadvantage Tasmanian consumers or market participants, given the comparatively slower uptake of consumer energy resources in Tasmania and lower forecast electricity demand growth relative to other jurisdictions.

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Planning updates

The AEMC has suggested that the content of the network planning updates that DNSPs will be required to publish annually will be determined by the AER after the final rule change. TasNetworks supports the use of AER guidelines to determine the information included in annual distribution planning updates, particularly because it enables the information included in those updates to evolve over time without needing to amend the NER, as DNSPs' capabilities, data availability and market conditions evolve. It will also enable stakeholder input into the development of those guidelines and help balance transparency with cost.

However, the proposed publication of information about regulatory investment tests for distribution projects or joint planning with other network service providers is likely to be of little value to third parties, particularly in jurisdictions, like Tasmania, where there is only one DNSP. TasNetworks is also concerned that mandatory disclosure of information relating to engagement with non-network providers could undermine competitive tension by revealing commercially sensitive procurement information before negotiations are concluded.

TasNetworks would welcome early engagement in the AER guideline development process.

We thank the AEMC for the opportunity to comment on the draft rule determination and would welcome further engagement as the rule change progresses. To discuss the views expressed in this submission please contact Alex Burk, Leader Regulation, at [redacted]

Yours faithfully

[redacted]

Marthinus Le Roux
Head of Regulation