Supplementary submission to the Australian Energy Market Commission

Enhancing Distribution Network Planning and Reporting

Draft Determination Rule change: ERC0410

Submitted by: **Victorian Energy Future Network (VEFN)**

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1. Purpose of this supplementary submission

VEFN lodged its primary submission to this proceeding on 1 June 2026. This short supplementary submission draws the Commission's attention to the Grattan Institute's report *Out of gas: managing the decline of gas in Australia* (Reeve, Wood, McKenzie and Jefferson, May 2026), published shortly before the submission deadline and prepared independently of VEFN.

The report reaches conclusions consistent with VEFN's central argument in this proceeding, and it provides additional evidence relevant to VEFN's recommendations. VEFN introduces no new recommendation here. The purpose is to place before the Commission corroborating analysis and evidence that became available after the primary submission was prepared, and that bear on the final determination expected in July 2026.

VEFN draws attention only to those elements of the Grattan report relevant to ERC0410. The report addresses many matters outside the scope of this proceeding, and on some of those, noted in Section 6 below, VEFN's positions in related proceedings differ from Grattan's. Nothing in this supplementary submission should be read as an endorsement of the report in full.

2. Independent corroboration of VEFN's central thesis

VEFN's primary submission argues that the DNDP framework contains no mechanism connecting electricity distribution planning to the contraction of the gas network, and that gas-to-electric thermal load transfer is the largest single source of new distribution load in Victoria over the next two decades.

The Grattan report reaches the same conclusion from a national vantage point. It finds that planning the electricity and gas systems separately is no longer tenable as customers electrify, that doing so risks over-investing in gas infrastructure and under-investing in the electricity infrastructure required to absorb switched load, and that the absence of coordination raises costs for all consumers. Grattan recommends integrating gas and electricity network planning, including coordinating the build-out of electricity networks with the phase-out of gas distribution networks.

This is the same gap VEFN identifies, described in materially the same terms. That an independent analysis, prepared without reference to VEFN's work, arrives at the same diagnosis strengthens the case that the gap is structural rather than particular to Victoria.

Grattan also recommends combining the National Gas Objective and the National Electricity Objective into a single National Energy Objective. This is the reform VEFN noted at Section 3.4 of its primary submission, citing Energy Consumers Australia's *Power Move* report. VEFN repeats that this is the right long-term instinct but a multi-year legislative project, and that the coordination gap exists now and can be addressed within the existing NER through the recommendations in VEFN's primary submission.

3. New evidence supporting Recommendation 5.1

VEFN's primary submission documented forecast undervoltage impacts in the Powercor and United Energy service areas, drawing on those distributors' January 2025 regulatory proposals (Table 1). Since that evidence was assembled, the Grattan report has surfaced a further data point from the third Victorian distributor in VEFN's combined load figure.

Grattan cites CitiPower's revised regulatory proposal of December 2025, which reports that winter peak-hour demand on the CitiPower network has risen by 250 per cent as a result of residential electrification, and that unmanaged spikes in load have resulted in physical damage to grid assets (Grattan, citing CitiPower, December 2025).

This evidence matters for Recommendation 5.1 for two reasons. First, it concerns realised impact, not forecast impact: CitiPower is describing harm that has already occurred, whereas VEFN's primary evidence was a forecast near-doubling of undervoltage complaints. Second, it comes from CitiPower's revised proposal, a document lodged after the January 2025 BUS 3.01 proposals on which VEFN's combined 2,600 GWh figure relied, which indicates the assessed impact is being revised upward as more data becomes available. The evidence reinforces VEFN's submission that thermal electrification is reshaping Victorian distribution networks now, and that a planning framework which does not require DNSPs to account for it leaves customers exposed.

4. A system-level complement to Recommendation 5.2

VEFN's primary submission argued (Section 3.2) that the IASR, while a sound baseline, cannot provide the spatially disaggregated forecasts of gas network contraction that DNSPs require, and that AEMO's gas demand forecasting has tended to understate the pace of residential decline. Recommendation 5.2 would require fuel-switching load growth, disaggregated by zone substation, to be captured in the data reporting framework.

The Grattan report proposes a complementary reform at the system level. It recommends that AEMO develop a single common set of 25-year gas demand scenarios for use across the gas market, and that individual network demand forecasts be required to be consistent with that common forecast rather than determined independently by each network.

This addresses, from the supply of forecasting inputs, the same deficiency VEFN identifies from the demand for them. VEFN's primary submission proposed (Section 7) that AEMO's inaugural DSOO

include spatially granular gas-to-electric load transfer forecasting, and that the DNDP draw on it alongside the IASR. Grattan's common-scenario proposal reinforces that the input VEFN's recommendations call for has a recognised system-level source, and that requiring forecast consistency is an established direction in the policy debate rather than a novel imposition.

5. Support for the data-sharing mechanism underlying Recommendation 5.3

VEFN's Recommendation 5.3 would extend the joint planning provisions in clause 5.14.1 to gas distribution networks. VEFN noted the limitation of a permissive electricity-side provision: it cannot compel a gas distributor to share data or coordinate timing, and a corresponding obligation in the National Gas Rules would be required for joint planning to be reciprocal. VEFN flagged that this gas-side obligation may be better suited to the GRC0082 final determination.

The Grattan report independently identifies the same reciprocal obligation. It recommends that, at a minimum, gas networks be required to share data with electricity networks on customers leaving the gas network, whether temporarily or permanently, so that electricity networks can anticipate the increased demand from gas-to-electric switching. It further recommends that gas network decommissioning plans be integrated with electricity network determinations.

This is the gas-side counterpart that VEFN's primary submission identified as the missing half of reciprocal joint planning. Grattan's framing of it as a minimum requirement supports VEFN's position that the obligation is modest in cost and clear in purpose. It also supports VEFN's view that the obligation is properly located in the gas rules through GRC0082, while the permissive electricity-side amendment proceeds here.

6. Where VEFN's positions differ from Grattan's

For completeness, VEFN notes two matters on which its positions in related proceedings differ from the Grattan report, both outside the scope of ERC0410.

First, on accelerated depreciation. Grattan supports the use of accelerated depreciation as a tool to manage stranding risk, subject to a limit. In its GRC0082 submission, VEFN has emphasised the consumer equity risks of front-loading network costs onto a shrinking customer base. VEFN's primary ERC0410 submission takes no position on accelerated depreciation, referring to it only as one category of gas-side information that DNSPs require for planning.

Second, on institutional design. Grattan would distribute the coordination role across existing bodies rather than create a new institution. VEFN has, in related proceedings, identified a governance gap and argued for a body explicitly authorised to coordinate geographically targeted gas retirement with electricity augmentation. This question is outside the scope of ERC0410, and VEFN's recommendations in this proceeding do not depend on its resolution.

VEFN raises these differences so that its reliance on the Grattan report's analysis of distribution planning coordination is not read as agreement with the report in full.

7. Conclusion

The Grattan report does not alter VEFN's recommendations, which stand as lodged. It corroborates the central diagnosis of VEFN's primary submission from an independent national perspective, supplies realised-impact evidence from CitiPower directly relevant to Recommendation 5.1, proposes a system-level forecasting reform that complements Recommendation 5.2, and independently identifies the gas-side data-sharing obligation that underlies Recommendation 5.3.

VEFN restates its central request: that the Commission amend the draft rule, before the final determination, so that the DNDP accounts for the load growth created as Victorian households switch from gas to electric heating. The Grattan report is further evidence that this is a national structural gap, recognised beyond Victoria, and that the cost of leaving it unaddressed will fall on electricity customers.

References

- Australian Energy Market Commission (AEMC). 2026. *Enhancing Distribution Network Planning and Reporting: Draft Determination (ERC0410)*. Sydney.
- CitiPower. 2025. *Revenue and Expenditure Forecasts 2026–2031: Revised Proposal*. December 2025. Melbourne.
- Energy Consumers Australia (ECA). 2026. *Power Move*. April 2026.
- Grattan Institute. 2026. Reeve, A., Wood, T., McKenzie, H., and Jefferson, B. *Out of gas: managing the decline of gas in Australia*. Report No. 2026-03. May 2026. Melbourne.