Australian Energy Market Commission

AEMC
Australian Energy Market Commission

RULE

Rule determination

National Electricity Amendment (Enhancing Distribution Network Planning and Reporting) Rule 2026

Proponent
Energy Consumers Australia

16 July 2026

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About the AEMC

The AEMC reports to the energy ministers. We have two functions. We make and amend the national electricity, gas and energy retail rules and conduct independent reviews for the energy ministers.

Acknowledgement of Country

The AEMC acknowledges and shows respect for the Traditional Custodians of the many different lands across Australia on which we live and work. The AEMC office is located on the land of the Gadigal people of the Eora nation. We pay respect to all Elders past and present, and to the enduring connection of Aboriginal and Torres Strait Islander peoples to Country.

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Summary

1 The Commission has decided to make a more preferable final rule in response to a rule change request from Energy Consumers Australia (ECA) in January 2025. The more preferable final rule:

1. replaces the existing distribution annual planning report with a new longer-term Distribution Network Development Plan
2. implements a new framework for distribution network data reporting.

2 Our final rule improves transparency and consistency of the long term plans that distribution network service providers (DNSPs) prepare for their networks. This will help distribution network users, including consumers, to understand how the distribution network is expected to change in future. This means they will be better placed to make informed and efficient decisions and identify investment opportunities, including in Consumer Energy Resources (CER).

3 Our final rule also improves the availability of consistent data for distribution networks, including on the low voltage network. CER investors, consumer agents and other stakeholders will have access to consistent distribution network data, regardless of where they are in the National Electricity Market (NEM).

4 This will assist CER investors to identify potential locations for their investments prior to connection requests. It will also assist consumers, and their agents, to better understand how their network usage may be impacted by any existing local network constraints, such as the potential for rooftop solar exports to be curtailed.

5 We have carefully assessed the final rule against our statutory objectives, leading us to make more preferable solutions in several areas. We have sought to balance regulatory costs with consumer outcomes and market efficiency to drive outcomes that best serve Australian energy consumers in the long term.

The final rule creates a framework for transparent and consistent long term distribution network planning

6 We identified in the directions paper that the increasing uptake of CER is creating emerging challenges and opportunities for distribution network planning. DNSPs are increasingly managing two way energy flows and demands for new distribution services, while the uptake of home batteries and electric vehicles, along with other CER developments, is creating new opportunities for non-network solutions.

7 In this environment, efficient and transparent longer term planning by DNSPs is required to proactively identify the parts of their networks that are most likely to face challenges, and develop long term plans to address them.

8 While many DNSPs already develop longer term plans, these plans may not be transparently shared. DNSPs' long term plans are also not prepared on a consistent basis. For example, they adopt a range of planning horizons from 10 years through to 25 years.

9 These issues make it difficult to develop a coherent long term view of distribution plans and trends in the NEM. This creates challenges for providers of non-network options to identify opportunities to offer solutions to DNSPs for removing network constraints. It also makes it more difficult for distribution service users, such as consumers, and CER investors to make informed investments.

10 Another challenge is that the lack of transparent and consistent forecasting makes it difficult for

stakeholders to understand how DNSPs' plans link to other plans, such as the Integrated System Plan (ISP). This creates a risk of confusion around the related timing of distribution and transmission network needs.

11 The final rule addresses these issues by replacing the current distribution annual planning report with a longer term Distribution Network Development Plan (DNDP).

12 The final rule requires DNSPs to:

- prepare a DNDP for their network once every 5 years, in conjunction with their regulatory proposals
- adopt a 20 year planning horizon
- develop a number of scenarios for incorporation in the DNDP.

13 DNSPs are also required, to the extent practicable, to adopt inputs, assumptions and scenarios that are consistent with the Australian Energy Market Operator's (AEMO's) inputs, assumptions and scenarios report (IASR). They are also required to consider other scenarios that are reasonable and appropriate. This gives DNSPs flexibility to deviate from the IASR to account for local factors at the distribution level.

14 The DNDP process facilitates broad and efficient stakeholder consultation on distribution network plans, including with consumers and communities.

15 DNSPs can draw on their existing consultation processes for their related regulatory proposals, minimising the potential for inconsistency and the impost of this additional consultation on DNSPs and their stakeholders.

Near to medium term planning transparency is retained through the annual update

16 While the DNDP improves transparency of DNSPs' longer term plans, we recognise that it also reduces the frequency of reporting compared to the existing annual process.

17 Our final rule addresses this information gap by requiring DNSPs to publish an annual update. The annual update provides transparency about key changes to planning outcomes in the previous year and since the DNDP was published.

18 The annual update will also contain specific information that may not be contained in the DNDP - for example, summaries of completed or progressing regulatory investment test for distribution (RIT-D) projects.

The AER must publish guidelines for the DNDP and annual update

19 While the final rule implements a principles based approach for the DNDP, it also ensures DNSPs adopt consistent approaches by requiring the Australian Energy Regulatory (AER) to publish guidelines on forecasting practices and processes. These guidelines will provide more detailed requirements for DNSPs, leading to greater consistency in how they conduct scenario analysis and develop their plans.

20 The final rule also allows the AER to specify in the guidelines:

- additional information that DNSPs must include in their DNDPs or annual updates, if the AER considers it necessary to align the information with other information that DNSPs provide under the NER
- an alternative date for the publication of the annual update by DNSPs.

21 This additional discretion allows the AER to promote consistency and minimise duplication

between the proposed DNDP and other similar reporting requirements under the NER.

The final rule establishes a new distribution network data reporting framework

22 We identified issues with the availability of distribution network data, particularly for the parts of distribution networks below the zone substation level, including for the low voltage network. Low voltage network data is becoming more important as CER volumes increase and congestion becomes more relevant.

23 Poor visibility of the existing state of the low voltage distribution network makes it difficult for distribution service users, such as consumers and CER investors, to understand the current state of the distribution network, such as network constraints, that may impact their network usage and investments. Fortunately, technology such as smart meters, coupled with network monitoring and falling communications costs, provide opportunities to collect and publish distribution network data at a more granular level.

24 While DNSPs have begun taking steps to improve data availability, each DNSP is adopting its own approach to data publication. This is resulting in a lack of consistency, effectiveness and transparency across the NEM.

25 The final rule addresses these issues by creating a new distribution network data reporting framework in the NER. This framework requires DNSPs to report distribution network data in accordance with AER guidelines.

26 The AER must prepare the guidelines in accordance with a defined purpose and three overarching principles established in the rules. These require the AER to consider how its guidelines could improve visibility on the state of distribution networks, the net economic benefit of its guidelines, as well as how confidential and private information can be protected. The AER must also consider existing reporting obligations on DNSPs, to minimise duplication and encourage streamlined reporting.

27 This approach creates a flexible data reporting framework that can adapt to changes in technology, data collection costs and regulatory requirements (e.g. the outcomes of the National CER Roadmap). It also minimises implementation costs while leading to more standard, consistent data reporting by DNSPs in the NEM.

The Commission has considered stakeholder feedback to the draft determination in making its final decision

Stakeholder feedback has informed our reforms to the distribution planning process

28 We have adopted amended policy positions in response to the feedback we received to the draft determination that we published in April 2026.

29 Stakeholders were broadly supportive of the proposed reforms to the distribution planning process, including the DNDP and annual update.

30 While some stakeholders supported the proposed purpose for the DNDP, others felt that it did not sufficiently capture the intent of the reformed planning process. They were also concerned that it did not sufficiently capture the broad stakeholder groups that the DNDP is intended to inform.

31 We agree that the purpose for the DNDP could more clearly capture the intent and role of the reformed planning process, so that it can act as an effective guide for the DNDP's implementation, including for the AER when preparing its guidelines.

32 We have accordingly revised the DNDP's purpose in the final rule:

33 *The purpose of the Distribution Network Development Plan is to provide long-term visibility of expected distribution services and the distribution system across a range of future scenarios, to support current and prospective users to make efficient decisions and identify investment opportunities.*[1]

34 The updated purpose clarifies that the DNDP is intended to improve transparency and the practical usefulness of long-term planning information for a broader set of users of distribution services and the distribution system.

35 It also better reflects the role of the DNDP in supporting informed investment (including non-network participation), while remaining consistent with the strategic and scenario-based nature of the planning framework.

36 Some DNSPs and Energy Networks Australia (ENA) also raised concerns with the timing for publishing the annual update.

37 The draft rule required DNSPs to publish an annual update by 31 October for the years after a regulatory proposal has been submitted. This was intended to provide efficiencies for DNSPs by aligning with other reporting dates.

38 However, some DNSPs and ENA were concerned this would instead create pressure on DNSPs' planning and reporting teams. They recommended requiring annual updates to be published by 31 December, which is consistent with current planning obligations.

39 We have adopted this approach for the final rule, while retaining the ability for the AER to set a different publication date in its guidelines.

We have clarified the distribution network data reporting framework in response to stakeholder feedback

40 Stakeholders remained broadly supportive of the proposed distribution network data reporting framework. However, some raised concerns that the framework's proposed scope did not explicitly reference low voltage network data.

41 Other stakeholders were also concerned that the draft rule did not include a minimum level of data reporting requirements for DNSPs or include low voltage data as part of those requirements.

42 In comparison, some DNSPs were concerned that the framework did not place a mandatory obligation on the AER to provide transitional arrangements in its guidelines or consider the differences in their capabilities.

43 While we have not implemented amendments on these points in the final rule, we have clarified our expectation in this determination for the AER guidelines for the data reporting framework.

44 We agree that the first version of the guidelines should take into account existing DNSP capabilities, and could achieve this through transitional arrangements that appropriately reflect the differences in DNSP capabilities across the NEM. This should account for the fact that DNSPs would need to be compliant with the guidelines within six months of publication, so as not to unduly impose costs on DNSPs and, ultimately, consumers.

45 However, the need for these provisions should reduce over time as the guidelines lead DNSPs towards a common data reporting standard, which is why we have not made these provisions mandatory for the AER.

1 Clause 5.13.1(b) of the final rule.

46 We also remain of the view that the AER guidelines for the data reporting framework should include data for the low voltage network. We have included a high level example of low voltage network data in the purpose (i.e. indicative localised constraints), and are conscious of the work the AER has already undertaken in this area through their network visibility project.[2]

We assessed our final rule against five assessment criteria, taking stakeholder feedback into account

47 The Commission has considered the National Electricity Objective (NEO)[3] and the issues raised in the rule change request, and assessed the final rule against five assessment criteria outlined below. We gathered and analysed stakeholder feedback in relation to these criteria.

48 The more preferable final rule will contribute to achieving the NEO by:

- **Supporting safety, security and reliability** - our final rule supports DNSPs delivering safe, secure and reliable distribution services to end users, such as consumers. It assists DNSPs to identify efficient investments and non-network opportunities that will maintain and improve the performance of their distribution network.
- **Supporting emissions reduction** - our final rule indirectly contributes to emission targets by supporting the effective integration and uptake of CER. Encouraging transparency of the distribution network and longer term planning will assist CER investors and consumers to make informed investments, taking into account relevant considerations such as potential curtailment. DNSPs will also be better placed to identify and address challenges to the effective integration of CER and assist the uptake of supporting infrastructure, such as electric vehicle (EV) chargers.
- **Improving market efficiency** - our final rule improves transparency over the current, historical and expected future state of distribution networks. Non-network providers will be better placed to propose non-network options, while operators in downstream markets (such as community battery providers) will have greater visibility over the state of distribution networks. This helps increase competition, particularly where DNSPs and their affiliates are also present in the same market.
- **Addressing implementation considerations -** our final rule balances the cost and complexity of implementation through clear roles for stakeholders, transitional arrangements and a clear implementation timeline. It also accounts for the differences in jurisdictional arrangements and will assist in building trust and social licence, by improving transparency and visibility of distribution networks and network plans.
- **Adopting principles of good regulatory practice** - our final rule is consistent with the broader direction of reform. We have considered the ongoing work under the National CER Roadmap and identified ways to complement and support the potential outcomes of related projects. We have also adopted a principles-based approach to the final rule, adopting prescription only where necessary, such as for some of the planning requirements.

Our final rule will be implemented over four years

The Distribution Network Development Plan framework will be implemented over four years

49 The DNDP framework will be implemented within four years of the final rule, so that each DNSP will have a long term plan in place by the start of its next regulatory determination.

2 AER, various documents at https://www.aer.gov.au/industry/registers/resources/reviews/network-visibility, accessed 27 June 2026.

3 Section 7 of the NEL.

50 To achieve this, DNSPs with a regulatory proposal due before 2030 do not need to follow all of the proposed requirements for their first DNDP.

51 For example, they do not need to include forecasts of metrics underpinning the low voltage networks in their first DNDP.

52 At the same time, the AER guidelines are not required to be finalised before 1 March 2028. This is after DNSPs in the Australian Capital Territory, New South Wales and Tasmania are required to submit their first DNDPs.[4] As such, the final rule does not require DNSPs in these jurisdictions to adhere to the AER guidelines for their first DNDPs.

53 We also understand that DNSPs in these jurisdictions are already in the process of planning for their regulatory proposals, including undertaking stakeholder consultations. We do not expect these DNSPs to recommence their engagement to account for the DNDP. However, we do expect that they will draw on their existing consultations to identify, for example, longer term network requirements to identify future constraints that would be incorporated into their DNDP.

54 We therefore anticipate that the first Distribution Network Development Plans for some DNSPs will be less comprehensive than future plans.

55 This approach provides DNSPs' stakeholders with transparency benefits as soon as practicable to support the ongoing uptake of CER by consumers and CER investors, as well as more effective integration of CER into the distribution network. It also minimises implementation costs for DNSPs (for example, by avoiding the need for Tasmania's DNSP to recommence stakeholder engagement).

The distribution network data reporting framework will be implemented over two years

56 The initial implementation of the distribution network data reporting framework will be completed by 1 September 2028.

57 To enable this timeline, the AER must develop the distribution data reporting guidelines by 1 March 2028. DNSPs must comply with the guidelines within 6 months, by 1 September 2028.

58 However, the final rule allows the AER to make guidelines that do not treat DNSPs the same, reflecting differences in DNSPs capabilities. It also allows the AER to require DNSPs to publish data in stages.

59 We therefore expect that the AER will duly use this discretion to establish reasonable transitional arrangements in the first version of the guidelines.

60 The AER will also be required to follow the Rules consultation procedure when preparing the guidelines. As such, there will be draft guidelines available for consideration before the AER finalises the guidelines.

Key differences between the draft rule and final rule

61 There have been a small number of changes between the draft and final rules in response to stakeholder feedback, as identified above.

62 Key differences are:

- The purpose for the DNDP has been amended to better clarify the intent of the DNDP (clause 5.13.1(b) of the final rule).

4 As noted in section 5, the final rule would not apply in the Northern Territory.

- Clause 5.13.1(d)(4) of the final rule has been modified from the draft rule to clarify that DNSPs must consider all network and non-network and enabling capabilities that are expected to have a material impact on the provision of distribution services (i.e. it no longer references network assets or distribution networks). This is to better reflect the changing usage of distribution networks and the ongoing distribution system operator work under the National CER Roadmap.
- DNSPs will not be required to submit an annual update the year before their DNDP is due, to avoid annual updates being published one month before the next DNDP (clause 5.13.2(c) of the final rule).
- Annual updates will have a fixed publication date of 31 December, instead of alternating between October and December, unless the AER specifies a different date in its guidelines (clause 5.13.2(b) of the final rule).

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1 The Commission has made a final determination to improve distribution planning

The Commission's final determination is to make a more preferable final rule (the final rule) in response to a rule change request from Energy Consumers Australia (ECA). The final rule replaces the existing distribution annual planning process with a new long term planning process, the Distribution Network Development Plan. A new distribution network data reporting framework is also being introduced to improve the availability and consistency of distribution network data reporting by Distribution Network Service Providers (DNSPs).

1.1 Our final rule will benefit consumers

The National Electricity Market (NEM) is proceeding through a once in a generation transformation from a predominantly fossil-fuelled energy system to one powered by renewable energy.

Australian consumers are at the forefront of this transition through record-breaking investment in consumer energy resources (CER).

Effective and transparent distribution network planning is needed to realise the opportunities that this transformation is creating. Effective planning allows DNSPs to select the most cost-effective options to support both traditional services and the integration of CER into their distribution networks. This could be in the form of network enhancements, but also alternatives such as contracting with virtual power-plants that are being enabled by CER. Transparent planning then provides stakeholders with visibility of these expected changes so that they can make more informed investments.

It is in this context that we have considered the ability of the existing distribution annual planning process to support DNSPs in meeting the needs of consumers during the transition. We have identified two key issues with the current distribution annual planning process during this rule change process:

1. The existing planning process in the rules is unable to address the emerging challenges for long term distribution network planning.
2. The existing process does not provide sufficient visibility of the distribution network, including data for the low voltage network.

Our final rule addresses these issues, leading to improved market efficiency, greater transparency of the state of distribution networks and more consultative distribution network planning (chapter 5). It also creates stronger links between the different elements of the current regulatory framework in the National Electricity Rules (NER), clarifying how the planning framework relates to the economic regulatory framework and the integrated system plan.

Our final rule addresses these issues by:

- replacing the annual planning process with a Distribution Network Development Plan, including an annual update (section 1.1.1)
- implementing a separate framework for distribution network data reporting (section 1.1.2).

1.1.1 Our final rule introduces a new Distribution Network Development Plan to improve consistency and transparency of long term distribution plans

Long term distribution planning is becoming increasingly complex and less certain than in the past. Demand growth is less linear, and there are more options for managing demand. At the

same time CER is creating greater synergies between distribution and transmission planning, as it can simultaneously displace distribution network augmentation expenditure and reduce demand on transmission networks.

The existing distribution annual planning process in the National Electricity Rules (NER) is no longer optimal for supporting effective, transparent network planning in this environment. For example, it does not help DNSPs to account for the opportunities provided by the increasing uptake of CER when planning their networks. Nor does it provide stakeholders with visibility of DNSPs' long term plans for their networks.

The final rule addresses these issues by replacing the existing annual process with a new planning framework. This new distribution planning process is centred on the Distribution Network Development Plan (DNDP), published every 5 years, that:

- **Requires DNSPs to plan over a standardised 20-year horizon** for subtransmission, high voltage and medium voltage networks. The final rule provides for higher-level application of the planning requirements to low voltage asset classes, to provide insight into emerging trends without requiring highly granular forecasting.
- **Requires DNSPs to undertake scenario based analysis using the Australian Energy Market Operator's (AEMO's) Inputs, Assumptions and Scenarios Report (IASR)** to manage the uncertainty associated with long term planning. DNSPs must use the IASR as a baseline for their scenario analysis, while allowing justified departures if not practicable. For example, to reflect local conditions and less demand diversity in distribution networks.
- **Has its purpose clearly established in the NER.** This purpose provides a shared reference point for DNSPs, the Australian Energy Regulator (AER) and stakeholders on what the planning process is intended to achieve.
- **Incentivises DNSPs to consult with a broader range of relevant stakeholders when developing their DNDP**, by allowing them to draw on their existing regulatory proposal engagement processes.

Our final rule preserves near to medium term transparency by requiring DNSPs to publish an annual update

The final rule also requires DNSPs to prepare and publish an annual update focused on material changes and recent developments since the publication of the DNDP or the previous annual update. The annual update is intended to preserve near to medium term transparency that would otherwise be lost with the removal of the Distribution Annual Planning Report (DAPR). As described in section 2.3, DNSPs are required to include in their annual update, among other things, an overview of regulatory investment test for distribution (RIT-D) projects it has completed or progressed and non-network options it has considered.

The final rule requires DNSPs to ensure the annual update's content is reported together on their website. However, the final rule does not prevent DNSPs publishing the annual update information together with other reporting information. This approach of targeted annual updating, combined with the five yearly DNDP, will strengthen long-term distribution network planning while maintaining transparency for stakeholders following the removal of the DAPR.

1.1.2 Our final rule introduces a framework to improve the reporting of distribution network data

Consumers and other distribution network users also require greater visibility of the historical, current and near-term state of the distribution network. Without improved visibility, consumers and CER investors are unable to make informed investments. Providers of non-network options are

also unable to readily identify potential opportunities to support DNSPs in deferring network expenditure.

The Commission's final rule improves visibility of the state of distribution networks by amending rule 5.13A of the NER to establish a new distribution network data reporting framework. The framework requires DNSPs to publish data on the historical, current and near-term state of their distribution networks in accordance with guidelines prepared by the AER. The final rule requires the AER to consider three overarching principles when developing these guidelines:

1. the net economic benefit of compliance with the guidelines
2. protection of confidential and personal information
3. data that would otherwise be publicly available.

A clear purpose for the framework has also been established in the NER so that stakeholders, including DNSPs and the AER, have a shared understanding of the framework's intended scope (section 3.1). The purpose will also guide the AER when it prepares the guidelines.

The Commission considers that this approach provides the most effective mechanism to deliver consistent, accessible and up to date data, while accommodating differences in DNSP data capabilities and allowing reporting requirements to evolve over time. The final rule requires the AER to publish the guidelines by 1 March 2028, with DNSPs to comply by 1 September 2028 (i.e. within 6 months). The AER is also required to consider if the guidelines require review every five years, and to follow the rules consultation procedures when developing or amending the guidelines.

1.2 Our final rule was shaped by stakeholder support for improved distribution network planning and greater access to network data

We received 33 submissions from stakeholders to the draft determination. There was broad support for the introduction of a Distribution Network Development Plan, annual update and a new network data reporting framework. Stakeholders recognise that the proposed distribution planning framework would provide greater visibility and actionable information to support efficient investment and participation in a high-CER and increasingly electrifying system. Stakeholders recognise that these reforms would improve transparency on both the current and future state of distribution networks, enabling consumers, network users, CER investors and market participants to make more informed decisions and contribute more effectively to the planning process.

1.2.1 Stakeholders supported a new framework for long term distribution network planning

Stakeholder submissions provide broad support for strengthening long-term distribution planning through the introduction of the DNDP and annual update. Across market bodies, DNSPs, retailers and industry groups, most stakeholders agree that longer planning horizons would improve alignment, transparency and coordination with broader system planning processes, including AEMO's Integrated System Plan. Submissions consistently recognise that extending planning horizons would help address challenges from increasing CER uptake, electrification and changing demand patterns, and would support more proactive and efficient network investment decisions.

There was also broad and consistent support for a 20-year strategic planning horizon. Market bodies and most DNSPs support the longer horizon as better reflecting the long-lived nature of distribution network assets and the scale of change expected from CER, electrification and

demand-side resources.[5] Retailers and industry groups reinforced this view, with the Clean Energy Council (CEC) supporting the standardised 20-year planning horizon because it better reflects asset lives and the long-term impacts of CER and electrification and the Energy Users Association of Australia (EUAA) supporting detailed forecasts for the first five years complemented by scenario-based planning for the remaining 15 years.[6] Some stakeholders supported the 20-year horizon but considered that its practical value would depend on how it is applied across timeframes and network levels. EnergyAustralia considered that low-voltage forecasts should be sufficiently granular for at least the first 10 years, particularly the 6–10 year window relevant to community batteries and transport electrification, while Zepben considered that a 20-year horizon is primarily useful for strategic visibility and should be complemented by more actionable, locational information over shorter timeframes, particularly within the first five years and below the zone substation level.[7]

The Commission has weighed the differing stakeholder perspectives and has retained the requirement in the draft rule for DNSPs to apply a 20-year planning horizon when preparing their DNDPs. This approach recognises stakeholder support for improved long-term visibility and better alignment with broader system planning, while maintaining a proportionate framework that requires detailed forecasts for the first five years and allows less granular, higher-level information for the following 15 years, particularly for low-voltage assets where forecast uncertainty and implementation complexity are greater.[8]

Stakeholders also broadly support requiring scenario analysis as part of long-term distribution planning. Across all stakeholder groups, scenario-based planning was viewed as a practical and necessary response to the uncertainty introduced by longer planning horizons and increasing CER uptake.[9] Market bodies and industry groups, including the CEC and Origin Energy Limited (Origin), support using the IASR as the baseline for scenario analysis to provide a credible and consistent foundation for long-term planning.[10] At the same time, DNSPs including Ausgrid, Endeavour Energy and SA Power Networks consistently emphasised the importance of flexibility to depart from the IASR where local conditions or specific network characteristics justify alternative assumptions, provided such departures are transparently disclosed and justified.[11]

Stakeholders also broadly support aligning the DNDP with the regulatory proposal process and existing consultation processes required under Chapter 6 of the NER. DNSPs, including Endeavour Energy and CitiPower, Powercor and United Energy, considered that alignment would allow them to draw on existing forecasting and analytical processes, improving efficiency while avoiding consultation fatigue, and that the DNDP could provide useful additional context for regulatory decision-making.[12] Retailers and industry groups including Origin, Alinta Energy and EnergyAustralia support stronger alignment between distribution planning and regulatory proposals, highlighting that this would connect long-term distribution planning with existing regulatory processes, use existing regulatory machinery rather than create a standalone

5 Submissions to the draft determination, Australian Energy Market Operator (AEMO), p 1; Australian Energy Regulator (AER), p 1; AusNet, pp. 1–2; Jemena Electricity Networks Vic. Ltd (Jemena), p 1; SA Power Networks, p 2; CitiPower, Powercor and United Energy, p 3; Ausgrid, pp. 3 and 6.

6 Submissions to the draft determination, Clean Energy Council (CE), pp. 1-2; Energy Users Association of Australia (EUAA) submission to the draft determination p 2.

7 Submissions to the draft determination, EnergyAustralia, p 2; Zepben, pp. 2, 5, 7-8.

8 Section 2.2.2provides further analysis on these issues.

9 Submissions to the draft determination, AEMO, pp. 1-2; AusNet, p 1; Jemena, p 1; SA Power Networks, pp. 1, 3; Origin Energy Limited (Origin), p 1; Alinta Energy, p 1; CEC, pp. 2, 5; EUAA, pp. 2-3; Energy Consumers Australia (ECA), p.3.

10 Submissions to the draft determination, CEC, pp, 2, 5; Origin, p 1.

11 Submissions to the draft determination, Ausgrid, pp. 6-7; Endeavour Energy, pp. 2-3; SA Power Networks, p 3.

12 Submissions to the draft determination, Endeavour Energy, p 2; CitiPower, Powercor and United Energy, p 3.

compliance process, and improve alignment between distribution planning, DNSPs' regulatory proposals and broader system planning.[13]

Stakeholder submissions also support the annual update as a proportionate mechanism for maintaining near-term transparency between DNDP cycles. Stakeholders considered that annual updates would help preserve visibility of material changes to planning assumptions, emerging network needs, project development and non-network opportunities, without the regulatory burden of preparing a significant document like the current DAPR.[14]

1.2.2 Stakeholders supported the continued provision of regular, near term information transparency in distribution planning

Market bodies and DNSPs support a flexible, principles-based approach to the data reporting framework.[15] The AER supports the requirement for DNSPs to publish data in accordance with new AER guidelines, including flexibility for staged requirements, variations between DNSPs and the development of public data plans in consultation with stakeholders.[16] ENA and DNSPs similarly support a principles-based framework, noting that flexibility would allow the framework to evolve over time and reflect differences in DNSPs' capabilities and data maturity.[17]

Retailers and industry groups support the framework while seeking greater prescription in the rules to ensure outputs are sufficiently useful. Origin supports establishing a separate data reporting framework supported by AER guidelines.[18] AGL Energy (AGL) considers the final rule could include clearer minimum data publication requirements and stronger expectations for low-voltage visibility.[19] EnergyAustralia supports more explicit low-voltage and CER-related data requirements in the NER, and Zepben supports stronger guidance in the NER to ensure outputs in any AER data guidelines are actionable, sufficiently locational, comparable across DNSPs and machine-readable.[20] Similarly, consumer advocates and community stakeholders consider that stronger data transparency and broader visibility of data sets not captured under existing reporting requirements were needed in the rules.[21]

The Commission has considered these submissions and has retained the core design of a flexible, principles-based data reporting framework implemented through AER guidelines. This approach recognises stakeholder support for improved data transparency while allowing the AER to determine the detailed data requirements through consultation, taking into account the net economic benefit, confidentiality and privacy, and the need to avoid unnecessary duplication. The Commission considers that this approach provides the most flexible and proportionate mechanism for improving the availability, consistency and usefulness of distribution network data over time.

13 Submissions to the draft determination, Origin, p 1; Alinta Energy p 1; EnergyAustralia, p 1.

14 Submissions to the draft determination, Origin, p 2; CEC, pp. 6-7; EUAA, pp. 3-4; Essential Energy, p 5; Christian Alexander, p 2.

15 Submissions to the draft determination, AEMO, pp. 2-3; AER, p 3.

16 Submission to the draft determination, AER, p 3.

17 Submissions to the draft determination, Energy Networks Australia (ENA), p 1; CitiPower, Powercor and United Energy, p 1; AusNet, pp. 1-2; Jemena, p 2; Endeavour Energy, pp. 3-4; Ausgrid, pp. 8-9; Ergon Energy Corporation Limited (Ergon Energy Network) and Energex Limited (Energex), pp. 17-18; Essential Energy, pp. 1-2.

18 Submission to the draft determination, Origin, p 1.

19 AGL Energy (AGL) submission to the draft determination, p 3.

20 Submissions to the draft determination, EnergyAustralia, pp. 5-6; Zepben, pp. 7, 10, 12.

21 Submissions to the draft determination, South Australian Council of Social Services (SACOSS) pp. 2-3; Victorian Energy Future Network (VEFN), pp. 1, 14; Village Power, pp. 1-3; Vince Garrone, pp. 7-8.

1.3 Our final rule complements other reforms to support the integration and coordination of CER

Our final rule complements a broader suite of ongoing and recently completed national reforms that collectively improve visibility, accountability, and the use of demand side resources as the energy system transitions to a more consumer-centric model. These include:

- The AEMC's final rule and determination on improving consideration of demand side factors in the Integrated System Plan (ISP) and AEMO's demand side factors guideline.[22]
- The AEMC's final rule and determination on including distribution network resilience in the National Electricity Rules.[23]
- The AEMC's final rule and determination on real time data for consumers.[24]
- The AEMC's Pricing review final report.[25]

In addition, there are several processes led by other agencies and market bodies that may have implications for this rule change:

- The National Consumer Energy Resources (CER) Roadmap projects, particularly the M3/P5 roles and responsibilities workstream and the M2 data sharing arrangements project:[26]
- The AER's low-voltage network visibility project.[27]
- AEMO's ongoing work to develop a CER Data Exchange.[28]

22 AEMC, Improving consideration of demand-side factors in the ISP, Final rule determination, 19 December 2024.

23 AEMC, Including distribution network resilience in the National Electricity Rules, Final rule determination, 8 May 2025.

24 AEMC, Real-time data for consumers, Final rule determination, 18 December 2025.

25 AEMC, The Pricing Review: Electricity pricing for a consumer-driven future, 18 June 2026.

26 Department of Climate Change, Energy, the Environment, and Water, *Final advice to Ministers to progress priority of the National CER Roadmap* and *Data sharing arrangements to inform planning and enable future markets - Final report to progress M2 workstream of the National CER Roadmap*.

27 AER Network visibility project.

28 AEMO, Consumer Energy Resources (CER) Data Exchange.

2 Establishing a requirement in the NER for DNSPs to undertake long term planning

2.1 DNSPs must undertake longer term planning with annual updates

Box 1: Improving the distribution planning process

The Commission considers that the current distribution planning process requires change to:

- better address the challenges being created by increasing levels of CER
- improve consideration of the opportunities that high levels of CER present to delay or reduce network investment requirements.

The final rule will facilitate more effective distribution network planning by replacing the current distribution annual planning process with a requirement for DNSPs to:

- prepare and publish a Distribution Network Development Plan every five years, with a greater focus on longer term planning requirements and scenario analysis than the current planning processes and improved alignment with the Integrated System Plan and regulatory proposals
- publish a less onerous annual update to provide regular and transparent information to stakeholders, including to inform non-network options between DNDPs.

The final rule also requires the AER to develop planning guidelines that will ensure consistency in how longer term forecasts and scenarios are developed. The AER has discretion to prepare guidelines to support a streamlined approach to DNSP reporting requirements.

Together, the Commission considers these amendments promote the National Electricity Objective by increasing transparency and consistency in distribution planning, allowing improved stakeholder engagement and input into planning. This, in turn, will support efficient decision making by both DNSPs when planning their networks and distribution service users in respect of investing in consumer and distributed energy resources.

The regulatory planning framework has not kept pace with the changing operating context for DNSPs. High levels of CER uptake make demand less predictable while providing more options for meeting energy needs including at peak times. CER uptake is also leading to new services being provided by DNSPs, such as energy export services. The implications of these changes increasingly need to be reflected in DNSPs' plans so that they can meet the future demands of customers at least cost.

These factors are also driving greater synergies between distribution and transmission planning. Improved utilisation of the distribution network could reduce the need for transmission-connected resources. While improvements have been made to the Integrated System Plan to realise these synergies, more can be done to align the processes and ensure the electricity system as a whole is planned consistently and in a way that meets the long term interests of consumers.[29]

It is in this context that we consider that the current distribution annual planning process no longer meets its intended purposes of:

1. **Effective network planning** through the identification of future value-adding network services (e.g. required two-way capacity and congestion mitigation), and by delivering those services in a timely manner and at least cost.

29 For example, following a rule change in December 2024, AEMO must now publish a demand-side factors statement in the ISP to provide a transparent and consolidated explanation of the expected development of the demand-side of the market and the distribution network.

2. **Transparency and information sharing**: by DNSPs providing a broad range of stakeholders with information on their networks' current and near-term state, including about existing system limitations and how such limitations will be addressed, to enable stakeholders to make informed investment decisions and contribute to the planning process.

The final rule addresses these issues by providing a more robust, longer-term planning process. The final rule replaces the current annual planning process with a DNDP published every 5 years that:

- requires DNSPs to adopt a 20 year planning horizon (section 2.2.2)
- requires DNSPs to plan across a range of scenarios (section 2.2.3)
- embeds a clear purpose for distribution planning in the NER (section 2.2.4)
- strengthens linkages between distribution planning and regulatory proposals and supports stakeholder engagement (section 2.2.5).

By requiring a greater focus on the longer term, the final rule ensures that distribution network planning better supports DNSPs to manage long term uncertainty and deliver outcomes that maximise consumers' long term interests. It also provides stakeholders with greater transparency of the DNSPs' long term plans to enable informed investment decisions. The longer planning horizons and greater transparency will also clarify how DNSPs' plans align with the ISP.

The final rule replaces the DAPR with a requirement for DNSPs to provide an annual update (section 2.3). It requires DNSPs to report annually on relevant changes since the DNDP was published. This will maintain transparency and information availability between DNDPs, to support stakeholder engagement and investment, particularly in respect of identifying non-network solutions.

Finally, the AER must publish planning guidelines (section 2.4). The guidelines must specify best practice forecasting approaches to help drive consistency between DNSPs. The AER may also adjust the reporting requirements in the DNDP and annual update to avoid duplication and to align and streamline DNSP reporting requirements.

Together, the new DNDP and annual update strengthen long-term distribution network planning while ensuring regular, consistent and transparent reporting on key network developments over the near to medium term.

The Commission has made a more preferable rule while adopting elements of ECA's proposed Integrated Distribution System Plan that were set out in the original rule change request.[30] Our final determination is that this approach better addresses the identified issues outlined above that were originally raised in ECA's rule change request and further explored in Chapter 2 of our directions paper.[31] Chapter 5 sets out why the Commission has made a more preferable rule and explains how it better promotes the NEO.

The NSW Distribution System Plan Opportunities Report serves a related, but distinct purpose

Some DNSPs have been taking independent action to address the emerging challenges and opportunities created by the increasing uptake of CER. One example of these initiatives is the Distribution System Plan (DSP) Opportunities Report that the three DNSPs in NSW, Ausgrid, Endeavour Energy and Essential Energy, have prepared.[32] The DSP Opportunities Report is

30 ECA, Rule change request, Integrated Distribution System Planning, pp 8-13.

31 AEMC, directions paper, pp. 5-15.

32 Ausgrid, Endeavour Energy and Essential Energy, *NSW Distribution System Plan Opportunities Report*, accessed 20 April 2026.

designed to complement the ISP and AusEnergy Services Ltd Infrastructure Investments Objectives Report. It adopts a bottom-up planning approach and has four articulated purposes:

1. support state and federal policy development
2. explore the value that can be unlocked through better utilisation of distribution capacity for generation/storage
3. explore the role distribution networks can play in the clean energy transition
4. explore the integration of distribution network opportunities and CER into whole-of-system planning, and consider how the distribution network complements the transmission network.[33]

We consider that the DSP Opportunities Report is complementary to the DNDP and would draw on similar planning information and methodologies. As such, we would expect that the NSW DNSPs would be well placed to implement the DNDP and could draw on it when preparing future DSP Opportunities Reports, should they decide to maintain that approach.

At the same time, the DSP Opportunities Report is focused on identifying opportunities on the distribution network in NSW, consistent with its purpose. It is not a standardised report across the NEM, which further highlights the ongoing differences in distribution network visibility across jurisdictions. The DSP Opportunities Reports also does not provide oversight of each NSW DNSP's individual long term plan, given it is a joint report. In comparison, the DNDP would provide oversight of each DNSP's plans to, among other considerations, address network constraints and maintain reliability. As such, we remain of the view that the DNDP will address separate issues, while also creating greater transparency across the distribution networks in the NEM.

2.2 Our final rule creates a new Distribution Network Development Plan with a longer-term focus

Box 2: DNSPs must prepare and publish a Distribution Network Development Plan every five years to improve effective network planning and transparency

Our final rule requires DNSPs to develop a new Distribution Network Development Plan. The DNDP must include existing elements of the DAPR, with some additional requirements to address identified gaps in the planning process. The final rule includes:

- a requirement for DNSPs to develop and publish a DNDP, with new obligations to report on stakeholder engagement and a streamlined approach to rules-based content requirements (section 2.2.1)
- a requirement for DNSPs to plan their networks over a standardised 20-year horizon (section 2.2.2)
- a requirement for DNSPs to conduct, and present in the DNDP, scenario-based analysis to inform network planning, using the IASR as a baseline and DNSPs disclosing and justifying any deviations (section 2.2.3)
- a clear purpose for the DNDP established in the NER, focused on maximising consumers' long-term interests, that DNSPs must have regard to in developing the DNDP, and the AER must have regard to in developing guidelines (section 2.2.4)

33 Ausgrid, Endeavour Energy and Essential Energy, *Distribution System Plan Opportunities Report*, November 2025, pp 12-13.

- aligning the DNDP with the regulatory proposal to provide flexibility for DNSPs to leverage existing processes to minimise costs, including to meet new requirements to report on engagement with distribution service end users (section 2.2.5).
- clarifying that the AER must have regard to the DNDP in assessing DNSPs' revenue proposals but is not required to approve it (section 2.2.6)

Together, these requirements address the gaps identified with the current framework. Specifically, the Commission considers this approach will improve the quality, clarity, consistency and transparency of distribution network planning over a longer term horizon compared to the current distribution planning process. It also improves alignment between distribution network planning and broader power system planning to promote more efficient outcomes for consumers in a future with increasing electrification and consumer energy resources.

2.2.1 DNSPs must develop a Distribution Network Development Plan every five years

Under the final rule, DNSPs are required to develop, submit to the AER and publish a DNDP every five years.[34] The DNDP must include much of the content that is currently required to be included in the DAPR.[35] The content requirements have also been expanded to include:

- reporting on stakeholder engagement (see below)
- a 20 year planning horizon (section 2.2.2)
- scenario analysis (section 2.2.3).

Existing content requirements, set out in the NER, have been streamlined and reflect an outcomes-based approach (see below).

DNSPs would be required to report on engagement with stakeholders.

The final rule introduces a requirement for DNSPs to summarise in their DNDPs how they have engaged with distribution service end users and other relevant stakeholders, any concerns that were identified and how they have been addressed.[36] The Commission's expectation is that DNSPs will undertake meaningful engagement on their DNDP to inform effective distribution network planning and identify future network services that consumers value. Consumers and their agents expect new and emerging services to be provided by DNSPs to facilitate the increasing uptake and use of CER. This would include identifying opportunities to avoid network augmentations, such as developing incentives that drive responses from more active participants (e.g. some home or community batteries) to help alleviate pressures on the network during minimum demand and peak periods.

DNSPs are currently required under Chapter 6 of the NER to engage with a broad range of stakeholders when developing their regulatory proposals.[37] The AER's Better Resets Handbook – Towards consumer-centric network proposals reinforces these obligations by setting expectations for high-quality, consumer-centric engagement and incentivising DNSPs to undertake comprehensive consultation through the regulatory assessment process.[38]

34 Clause 5.13.1 of the final rule.
35 See schedule 5.8 of the NER.
36 Schedule 5.8(e) of the final rule.
37 Clause 6.8.2(c1) of the National Electricity Rules.
38 AER, *Better resets handbook - towards consumer-centric network proposals*, 9 December 2021.

Stakeholders indicated support for relying on these existing processes rather than creating new consultation requirements emphasising that this would reduce duplication, maintain transparency and promote consistency in DNSP engagement practices.[39]

The Commission agrees that the most effective and least cost way to achieve is by providing flexibility for DNSPs to draw on their existing consultation processes for the development of regulatory proposals. The Commission considers that providing flexibility for DNSPs to consult on their DNDP as part of their regulatory proposal development will incentivise greater transparency and earlier engagement with consumers and industry. Stakeholders will gain clearer visibility of how long-term distribution planning informs regulatory proposals, while DNSPs will avoid additional administrative burden associated with parallel consultation requirements. We consider this approach will encourage more meaningful engagement on long-term network planning without materially increasing costs for DNSPs or stakeholders.

The final rule reflects an outcomes-based approach to determine the detailed requirements of the DNDP

The final rule amends the current detailed content requirements for the DAPR and instead takes an outcomes-based approach to defining what the DNDP must contain. The Commission considers that an outcomes-based approach better reflects the changing nature of DNSPs' operating environments than detailed, rule-based requirements. The metrics that DNSPs use to inform their network plans have changed over time as higher levels of CER have impacted their networks in different ways from traditional load-based demand. An outcomes-based approach allows DNSPs flexibility to adapt their approach as technologies and network services change, subject to complying with the AER's guidance on best practice forecasting (section 2.4).

For example, the final rule requires DNSPs to provide forecasts of demand and network utilisation. However, the final rule no longer includes an exhaustive list of metrics that DNSPs must publish as part of these forecasts. For example, the final rule no longer explicitly requires DNSPs to publish total capacity, firm delivery capacity for summer periods and winter periods, peak load and power factor at time of peak load for their load forecasts for each sub-transmission line and zone substation as currently required by Schedule 5.8(b)(2).

Nonetheless, the Commission expects DNSPs to include the full suite of metrics that materially inform the provision of their distribution services.

Appendix B provides additional detail on how the current DAPR requirements map to the DNDP under the final rule.

2.2.2 DNSPs must adopt a 20 year planning horizon

The final rule facilitates longer term planning and transparency by requiring DNSPs to adopt a 20 year planning horizon when preparing their DNDP, consistent with ECA's rule change request.[40]

We note some DNSPs have again expressed concerns with adopting a 20 year panning horizon across the varying levels of their networks due to increasing complexity and uncertainty.[41] TasNetworks also reiterated its view that a 10 year planning horizon was more suitable for distribution planning.[42]

39 Submissions to the draft determination, Endeavour Energy, p 2; CitiPower, Powercor and United Energy, p 3; Origin, p 1; Alinta Energy, p 1; EnergyAustralia, p 1.

40 Sch 5.8(a) of the final rule.

41 See for example, submissions to the draft determination, Ausgrid, p 6; Ergon Energy and Energex, pp. 3-8.

42 Submission to the draft determination, TasNetworks, p 2.

The Commission remains of the view that the benefits of requiring a 20 year horizon for distribution network planning are that it:

1. **Addresses the challenges associated with a high CER future.** A longer planning horizon provides greater visibility of the impacts of investment decisions for transmission-distribution connection points, sub-transmission lines and zone substations, including how these decisions are impacted by the increasing uptake of CER. A 20 year planning horizon also improves alignment between distribution network planning and the ISP, providing greater transparency over how DNSPs' longer term plans align with the ISP's predicted future.
2. **Balances implementation cost and complexity for DNSPs.** Similar modelling capabilities are required for both 10-year and 20-year horizons, limiting additional implementation burden.[43] Analysis and consultation undertaken by the Commission indicates that extending the horizon to 20 years involves little trade-off in cost or complexity relative to other longer planning horizons. Existing DNSP practices support this finding, with multiple DNSPs already applying a 20-year or longer planning horizon to align infrastructure development with long-term policy goals and market needs.[44]
3. **Enables greater utilisation of CER.** Improved longer-term planning provides industry participants, consumers and regulators with greater visibility of the planned future direction of each DNSP's distribution network. High-level signalling on potential futures and investment needs, paired with the proposed annual update (section 2.3) and distribution network data reporting framework (chapter 3) provide greater visibility of the potential for non-network options to address system constraints. Greater visibility also provides improved information to inform investment decisions in, and use of, CER.

The final rule also requires DNSPs to adopt a 20 year planning horizon for the sections of their network below the zone substation level, including their low voltage network. That is, it requires DNSPs to provide forecasts across a 20 year planning horizon for metrics underpinning planned work for classes of low voltage assets and metrics underpinning related non-network options.[45] This approach improves information availability for market participants while avoiding the need for complex, or highly granular, forecasting below the zone substation level, including for the low voltage network.

We understand from our stakeholder feedback that forecasting - and so planning - below the zone substation level can be highly uncertain and complex, and may provide limited benefits. In comparison, some industry stakeholders contended that more granular low-voltage information would better support the identification and development of non-network options.[46] The Commission considers that the approach in the final rule strikes the right balance between providing some degree of aggregated planning information below the zone substation level, including for the low voltage network, that is feasible and would be of benefit to stakeholders while not being excessively unreliable or costly to produce.

The Commission also expects that business-as-usual planning practices will continue alongside the new requirements. For example, the Commission expects DNSPs may still want to prepare long term area plans for significant greenfield developments that extend beyond 20 years.

43 Submissions to the directions paper, Zepben, p 5.

44 The NSW Distribution System Plan Opportunities Report, a joint report between Ausgrid, Endeavour and Essential utilised a 20 year planning horizon.

45 Schedule 5.8(a)(3) of the final rule.

46 Submissions to the draft determination, CEC, pp. 3-5; EnergyAustralia, pp. 1-2; AEC, pp. 1-2.

The final rule requires DNSPs to provide detailed forecasts for the first five years of their DNDP

Our final rule requires DNSPs to provide demand and network utilisation forecasts for the 20 year period from the commencement of their next regulatory control period:

- at the transmission-distribution connection points;
- or sub-transmission lines, and
- for zone substations.[47]

The final rule requires more detailed demand and network utilisation forecasts, as well as forecast system limitations, for the first five years of the 20 year period (i.e. for their next regulatory control period).[48] This is consistent with the existing requirements for the distribution annual planning process and the regulatory proposal process. These forecasts will directly inform the identification of emerging system limitations, including capacity, voltage and thermal constraints. Detailed forecasts will support earlier and clearer identification of network issues that may require augmentation or alternative non network solutions.

Less detailed forecasts are required for the remaining years of the 20 year planning horizon. Beyond the first five years, uncertainty in demand growth, customer behaviour, technology uptake and policy settings increases, reducing confidence in the accuracy of the forecasts. As discussed below, DNSPs will be required to conduct scenario analysis to address uncertainty of longer term forecasts.

The final rule similarly requires DNSPs to provide detailed forecasts of metrics underpinning planned works for low voltage assets, and metrics underpinning related non-network options for the first five years of the 20 year period.[49] We note that industry stakeholders are concerned that this approach may not lead to actionable or commercially useful insights for them. For example, the AEC is concerned that DNSPs will be able to comply with the requirements of the DNDP without providing granular, feeder-level network data that it considers is needed for market participants to make investment and operational decisions.[50] EnergyAustralia raises similar concerns, while also recommending requiring DNSPs to provide detailed forecasts for the first 10 years of a DNDP, rather than only the first five. It submits that this information (i.e. the detailed forecasts for the next six to ten years) is most useful for assessing projects and not including this as a requirement will lead information asymmetry between DNSPs and their stakeholders. [51]

We consider that the final rule strikes the balance between providing needed information to distribution network stakeholders, while not unduly requiring DNSPs to prepare plans and forecasts that are excessively unreliable or disproportionately costly to produce. We also consider that some of the information industry stakeholders are seeking from the forecasts is more effectively provided through the distribution network data reporting framework (chapter 3).

However, we also acknowledge that in future the relevant benefits and costs of providing information, such as detailed forecasts beyond five years for the low voltage networks, may change due to emerging technology such as AI. If this is the case, then we expect that the AER, through its guidelines (section 2.4), would require DNSPs to publish this information to improve transparency and reduce any potential information asymmetry.

47 Sch 5.8(a) of the final rule.
48 Schedule 5.8 (a)(1) of the final rule.
49 Schedule 5.8(a)(3) of the final rule.
50 Submission to the draft determination, AEC, p 2.
51 Submission to the draft determination, EnergyAustralia, p 2.

The final rule requires DNSPs to plan in relation to the provision of distribution services

The final rule requires DNSPS to include a range of information specified in Schedule 5.8 of the final rule in relation to:

all network, non-network and enabling capabilities that would be expected to have a material impact on the provision of distribution services.[52]

The draft rule originally adopted similar wording to what is currently used in the NER for the DAPR that requires DNSPs to include information in relation to:

all assets and non-network options that would be expected to have a material impact on its distribution network.[53]

We undertook targeted consultation on this framing as we were concerned that it may not be sufficiently robust in the context of emerging challenges for distribution planning and the changing roles of DNSPs. While most stakeholders we consulted were supportive of the approach in the draft rule, some proposed targeted amendments. For example, Endeavour Energy proposed changes to make the drafting more technological and platform neutral.[54] We have adopted these changes for the final rule as we agree the revised approach better reflects the evolving nature of distribution services and the role of DNSPs.

The final rule does not adopt terminology such as low, medium or high voltage

Some DNSPs noted inconsistencies between the draft determination's references to "medium voltage" and "low voltage" networks and the terminology they actually use to describe their networks.[55]

As set out above, the final rule does not use terminology such, as low voltage. We have adopted this terminology in the draft and final determinations to provide a simplified description of different network levels for our broad range of stakeholders. Instead, the final rule adopts the existing terminology established in the NER and the current DAPR framework, being:

- transmission-distribution connection points,
- sub-transmission lines, and
- zone substation.[56]

The final rule also relies on existing defined terms, such as *network element and connection point*, when defining forecasting requirements below the zone substation level.[57] It does not rely on voltage classifications to define the forecasting requirements. We expect that DNSPs would apply these requirements to their networks, consistent with how they have approached existing requirements for the DAPR.

2.2.3 Scenario analysis is required to address uncertainty

Planning distribution networks over a 20-year horizon involves significant uncertainty, reflecting the pace and scale of change in technology, consumer behaviour, policy settings and the broader energy system. Factors such as electrification, uptake of CER, climate impacts and large new

52 Clause 5.13.1(d)(4) of the final rule.
53 Clause 5.13.1(d)(4) of draft rule.
54 Submission to the draft determination, Endeavour Energy, pp. 4-5.
55 Submissions to the draft determination, Ergon Energy Network and Energex, pp. 5-8; Citipower, Powerco and United Energy, pp. 1, 6; Ausgrid, pp. 5-6; AusNet, pp. 1-2.
56 Schedule 5.8(a)(1) of the final rule.
57 Schedule 5.8(a)(3) of the final rule.

connections mean that a single long-term forecast cannot provide a reliable indicator of anticipated future conditions. The Commission considers it essential that DNSPs adopt a scenario-based planning approach to ensure Distribution Network Development Plans remain robust given this uncertainty. Scenario-based planning requires DNSPs to explicitly test their network plans against a range of plausible future pathways, supported by transparent assumptions and inputs.

Our final rule requires DNSPs to undertake scenario analysis when developing their DNDPs[58]

Our final determination is to require DNSPs to adopt scenario analysis when preparing their DNDPs rather than rely on a single set of forecasts. DNSPs must assess how their planning and decision-making frameworks respond under plausible contingencies, such as lower or higher rates of home battery uptake across their network area. This approach aligns with existing national planning frameworks that support consistent planning outcomes, including the scenario-based framework applied in AEMO's ISP and with the AER's forecasting best practice guidelines for AEMO.

Our final rule requires DNSPs to adopt AEMO's IASR as the baseline for their DNDPs[59]

The Commission considers that AEMO's IASR is a critical input to DNSPs' scenario analysis. Using the IASR as the baseline for DNDPs will improve consistency across distribution network and system planning, reflecting the increasing interdependence between these planning processes. Stakeholders generally supported requiring DNSPs to use the IASR as a baseline when preparing scenario analysis for the DNDP, while recognising that DNSPs may need flexibility to reflect local network conditions and customer behaviour. Origin, for example, supported the use of the IASR as a baseline for DNDPs, while retaining flexibility to depart where justified by local circumstances.[60] The CEC similarly supported scenario-based planning aligned with AEMO inputs.[61]

While Endeavour Energy also broadly supported the IASR forming the baseline for a DNDP, it is concerned that the approach in the draft rule did not provide sufficient flexibility for DNSPs to deviate. It proposed amending the final rule to require DNSPs to adopt the IASR to the extent reasonable, rather than practicable as required in the draft rule.[62] The Commission agrees that DNSPs require flexibility to depart from the IASR to account for local factors and other necessary considerations. However, as noted above, we remain of the view that greater consistency between distribution network and system planning is beneficial. We consider that adopting Endeavour Energy's proposed approach would lead to greater deviation from the IASR at a time when stakeholders are seeking greater optimisation in planning across the different network levels in the NEM. Accordingly, the final rule retains a requirement for DNSPs to adopt the IASR to the extent practicable.[63]

Some stakeholders sought clarification on how DNSPs should manage the timing interaction between the DNDP and the IASR. For example, SA Power Networks cautioned that the version of the IASR used to prepare a DNDP would likely be superseded by the time the DNDP is published. It noted that this reflected the extended period of time that will be needed to prepare a DNDP (i.e.

58 Clause 5.13.1(d) of the final rule.
59 Clause 5.13.1(d) of the final rule.
60 Submission to the draft determination, Origin, p 1.
61 Submission to the draft determination, CEC, pp. 1-2.
62 Submission to the draft determination, Endeavour Energy, pp. 2-3.
63 Clause 5.13.1(d) of the final rule.

longer than two years), including effectively aligning it with the preparation of a DNSP's regulatory proposal.[64] The Commission expects DNSPs would use the IASR version that is current when they begin preparing the DNDP. The Commission does not consider that DNSPs should be required to update their DNDP to reflect each subsequently published IASR before publication, as this would add complexity, time and cost and is not necessary for the DNDP to perform its intended strategic planning function.

The final rule will facilitate greater consideration of electrification driven by declining gas usage

Declining gas usage and fuel-switching are relevant local drivers of demand uncertainty that DNSPs may need to consider when preparing long-term distribution network plans. Several stakeholders considered that the planning framework should more explicitly recognise the impact of electrification driven by declining gas usage on future electricity demand and network development. Ausgrid and Endeavour Energy highlighted that greater visibility of gas network connection and consumption data would improve DNSPs' ability to develop more accurate, location-specific forecasts of electrification impacts.[65] Essential Energy considered that the DNDP framework should explicitly recognise the need to forecast the transition from gas to electricity.[66] Similarly, the Victorian Energy Future Network (VEFN) considered that gas-to-electric load transfer is likely to be a significant driver of future distribution network demand in Victoria. It made three recommendations to explicitly link electricity and gas distribution planning.[67]

The Commission recognises that declining gas usage and fuel-switching will have important implications for long-term distribution planning, particularly in areas where electrification is expected to materially affect future demand profiles. The Commission considers that the final rule is sufficiently flexible to facilitate greater consideration of these issues when DNSPs prepare their DNDPs. In particular, the final rule requires DNSPs to undertake scenario analysis over a 20-year horizon using inputs and assumptions that we expect will have been the subject of consultation with relevant stakeholders.

We consider relevant stakeholders would include gas distributors, where appropriate. For example, where a government has policies in place to reduce gas usage or a gas distribution network is to be decommissioned. The Commission observes that many gas distributors are already undertaking analysis of long-term gas demand outlooks for their networks as part of their access arrangement proposals. Our proposed direction for employing a longer-term outlook under the Gas networks in transition rule change is aimed at supporting this analysis and improving transparency and accountability for how longer-term demand-related risks or uncertainties facing gas distributors are proposed to be managed. .[68] This can then be accounted for by the DNSPs in their own long term plans, the DNDP.

However, the Commission does not consider it appropriate to impose a specific rule requirement on DNSPs to disclose separate fuel-switching assumptions or gas data sources, or to introduce obligations on gas distributors through this rule change. These matters were not subject to sufficient consultation with electricity DNSPs, gas networks and other affected stakeholders to support further rule changes in this final determination.

64 Submission to the draft determination, SA Power Networks, p 3.
65 Submissions to the draft determination, Ausgrid, pp. 2,8; Endeavour Energy, p 3.
66 Submission to the draft determination, Essential Energy, pp. 5-6.
67 Submission to the draft determination, VEFN, pp. 2-3, 6-8.
68 AEMC, Gas Networks in Transition - Directions Paper, pp. 29-40.

2.2.4 The purpose of the Distribution Network Development Plan

The final rule establishes a clear purpose for the DNDP in the NER to clarify how this new process fits within the broader planning framework. The draft rule established the purpose of the DNDP as being to maximise the long-term interests of consumers across a range of future scenarios. While a number of stakeholders supported this broad, outcomes-focused approach, several considered that the purpose was too high-level and did not clearly communicate what the DNDP is intended to do, or who it is intended to inform.

Stakeholders' feedback to the draft rule indicated that the DNDP should do more than restate the NEO. In particular, several submissions considered that the purpose should more clearly identify the DNDP as a transparency and planning instrument that supports consumers, distribution network users, CER investors and non-network participants to make more informed decisions and provide efficient non-network solutions.[69]

The Commission agrees that the purpose of the DNDP should more clearly articulate the function of the document within the broader planning framework. Consistent with this, the final rule establishes the following purpose for the DNDP in the NER:[70]

> The purpose of the Distribution Network Development Plan is to provide long-term visibility of expected distribution services and the distribution system across a range of future scenarios, to support current and prospective users to make efficient decisions and identify investment opportunities.

The Commission considers that the updated purpose improves the clarity of the final rule in two respects. First, it makes clear that the DNDP is intended to improve transparency and the practical usefulness of long-term planning information for a broader set of users of distribution services and the distribution system. Second, it better reflects the role of the DNDP in supporting informed investment (including non-network participation), while remaining consistent with the strategic and scenario-based nature of the planning framework.

A clearer purpose in the NER will support consistent implementation of the DNDP, help guide the AER in developing its guidelines (section 2.4), and provide a shared reference point for DNSPs, the AER and users of distribution services and the distribution system (e.g. consumers, distribution network users, CER investors and non-network participants) when engaging through the DNDP process.

2.2.5 DNSPs have flexibility to leverage other processes in developing their DNDP

DNSPs currently undertake extensive engagement for their regulatory proposals, as discussed in section 2.2.1. DNSPs also conduct rigorous analysis and prepare detailed plans and expenditure forecasts for their regulatory proposals. These forecasts typically cover a five, and sometimes ten-year period, to provide evidence to the AER that the DNSP's proposed expenditure is prudent and efficient. The Commission expects that DNSPs will want to draw on their network plans when preparing their regulatory proposals and also leverage the engagement and detailed analysis conducted for their regulatory proposals in developing their network plans.

Our final rule facilitates these linkages between the DNDP and regulatory proposal process by requiring DNSPs to submit their DNDP to the AER at the same time they submit their regulatory proposal every five years.[71] Aligning these processes provides flexibility for DNSPs to:

69 Submissions to the draft determination, EnergyAustralia, p 3; AEC, pp. 1-3; Ergon Energy Network and Energex, pp. 8-9.
70 Clause 5.13.1(b) of the final rule.
71 Clause 5.13.1(a) of the final rule.

- draw on their regulatory proposal processes to provide more detailed forecasts for the first five years of their DNDP
- use their existing consultation process to engage on their Distribution Network Development Plans alongside their regulatory proposal

Stakeholders generally supported aligning the DNDP with the regulatory proposal process on the basis that doing so would improve coherence between long-term planning and near- to medium-term investment decisions, while also allowing DNSPs to draw on existing forecasting, engagement and analytical processes. Several DNSPs considered that aligning the DNDP with the five-yearly regulatory determination process would improve clarity on how proposed expenditure supports a DNSP's long-term network vision, enable meaningful stakeholder engagement without increasing engagement fatigue, and allow the DNDP to draw on the same forecasts, projects and consultation processes as the regulatory proposal, providing useful additional context for regulatory decision-making.[72] Origin also supported stronger alignment between distribution planning, DNSPs' regulatory proposals and broader system planning processes. [73]

While stakeholders generally supported alignment, the AER raised a specific sequencing concern. The AER is concerned that DNSPs may have insufficient time to complete a RIT-D before submitting a regulatory proposal for any project that is identified through the DNDP process. The AER recommended addressing this by requiring DNSPs to publish their DNDP earlier than their regulatory proposal, to allow DNSPs time to conduct a RIT-D and prepare robust cost estimates.[74]

We have not adopted this change in the final rule as we remain of the view that alignment between the DNDP and regulatory proposal process is important. It will strengthen the relationship between long-term planning, stakeholder engagement and near to medium term investment decisions. Requiring DNSPs to publish their DNDP earlier than their regulatory proposal would reduce these benefits. It would separate the DNDP from the forecasting, consultation and analytical processes that DNSPs already undertake for their regulatory proposals.

The Commission also expects the DNDP will improve the quality of DNSPs' planning and project identification over time, including by providing earlier and more transparent visibility of emerging network needs and candidate projects. We also note that the RIT-D remains a separate process. DNSPs will continue to develop and refine their views on network needs and projects through their planning processes and annual updates. We therefore expect that DNSPs will conduct a RIT-D when required, and not only following the completion of a DNDP.

Overall, the Commission considers that a five-yearly DNDP aligned with the regulatory proposal will support a streamlined and efficient planning process for DNSPs. This approach will

- reduce duplication
- allow DNSPs to conduct meaningful engagement on long-term network planning without creating unnecessary additional costs for DNSPs or stakeholders
- improve transparency over the relationship between long-term network development and expenditure proposals.

While the Commission expects DNSPs already draw on information they will include in network development plans when preparing regulatory proposals, the final rule will make this relationship more transparent for consumers, the AER and other stakeholders.

72 Submissions to the draft determination, Ausgrid, pp. 3-4; AusNet, pp. 1-2; Endeavour Energy, p 2; Citipower, Powercor and United Energy, p 3; Ergon Energy Network and Energex, pp. 8-9; SA Power Networks, p 2; Essential Energy, p 4; Evoenergy, p 2; TasNetworks, p 1; ENA, pp. 1-2.

73 Submission to the draft determiantion, Origin, p 1.

74 Submission to the draft determination, AER, pp. 2-3.

The final rule does not require DNSPs to publish an updated DNDP following the AER's final determination on a regulatory proposal

Stakeholders sought clarification on whether DNSPs would need to publish a revised DNDP following the AER's final determination on the relevant regulatory proposal. CitiPower, Powercor and United Energy sought clarification on how DNSPs may update the DNDP following the AER's final decision on expenditure allowances, so that the DNDP remains deliverable and continues to provide visibility of expected projects and customer risks.[75] Endeavour Energy sought related clarification that DNSPs should not be required to submit a revised DNDP simply because the AER reaches a different view on modelling or expenditure in the regulatory proposal.[76]

The Commission considers that the annual update (section 2.3) is the primary mechanism for reporting material changes that arise after publication of the DNDP. This includes changes associated with updated IASR inputs or the outcome of the AER's final determination on a DNSP's regulatory proposal. The final rule does not require DNSPs to prepare and publish a revised DNDP following a revenue determination. The final rule also does not prevent DNSPs from publishing additional information in the annual update, where they consider this would be useful. For example, a DNSP may choose to provide updated capital planning information if it made significant revisions to its plans in response to a final revenue determination. This approach preserves the role of the DNDP as a strategic planning and transparency document, while allowing DNSPs to use the annual update to maintain visibility of material changes between DNDP cycles.

The final rule does not explicitly allow DNSPs to submit a public and confidential version of the DNDP to the AER

Hannergrid Consulting was concerned that DNSPs may limit the depth of their analysis in the DNDP to avoid inadvertently disclosing sensitive commercial information.[77] We agree that DNSPs may provide additional, useful information to the AER if they were expressly permitted to submit both confidential and public versions of the DNDP. However, we note that the key purpose of the DNDP is to improve transparency for all stakeholders, not the quality of a DNSP's regulatory proposal. In addition, DNSPs can provide confidential information as part of their regulatory proposal.[78] For this reason we have not amended the final rule.

2.2.6 The AER must have regard to the DNDP in assessing DNSPs revenue proposals but is not required to approve it

The final rule continues to require the AER to have regard to the DNDP when making a draft or final revenue determination.[79] The AER is not required to approve the DNDP or otherwise give it any additional consideration compared to other information that is submitted with the regulatory proposal. However, there will not be any additional obligations on the AER in respect of how it must consider the DNDP in assessing a regulatory proposal.

Most DNSPs submitted that the AER should be required to formally consider the DNDP when assessing regulatory proposals.[80] They considered that the DNDP provides an opportunity for the AER to take a longer-term view of proposed expenditure, including consideration of benefits, risks and trade-offs that extend beyond the five-year regulatory period. Ausgrid and SA Power Networks

75 Submission to the draft determination, Citipower, Powercor and United Energy, p 6.

76 Submission to the draft determination, Endeavour Energy, p 2.

77 Submission to the draft determination, Hannergrid Consulting, p 3.

78 Under clause 6.8.2(c)(6) of the NER, DNSPs may identify parts of the regulatory proposal the DNSP claims to be confidential.

79 See clause 6.8.2(c4) of the final rule and clauses 6.10.1(b)(1) and 6.11.1(b)(1) of the NER.

80 Submissions to the draft determination, Ausgrid, pp 3-4; AusNet, p 1; CitiPower, Powercor and United Energy, p 3; ENA, p 2; Essential Energy, p 4; Evoenergy, p 2; SA Power Networks, p 2; TasNetworks, p 1.

proposed that this approach be implemented by including specific reference to the DNDP within the capital expenditure and operating expenditure objectives and factors in rules 6.5.6 and 6.5.7 of the NER.[81] ENA and CitiPower, Powercor and United Energy proposed that the AER be required to explain where it deviates from the DNDP in its decision.[82]

DNSPs consider these changes are required to shift the DNDP beyond a compliance obligation that risks duplicating existing information to a plan that can drive improved delivery outcomes and greater clarity between proposed expenditure over the regulatory period and long-term strategic investment.

Other DNSPs were satisfied that the AER should generally be required to have regard to the DNDP in assessing revenue proposals, but considered this should be clarified in the final rule or final determination.[83]

The Commission agrees that the AER should have a general obligation to have regard to the DNDP, and we confirm this is a requirement under the final rule. By requiring DNSPs to submit a DNDP alongside its regulatory proposal, existing rules requiring the AER to have regard to information accompanying the regulatory proposal will apply.[84] We also agree with stakeholder views that the DNDP will offer useful context for the AER when assessing a DNSP's regulatory proposal.

DNSPs' suggestions to include reference to the DNDP in the expenditure factors would require the AER to have regard to the DNDP at specific points in the distribution determination process and take the DNDP into account when setting out its reasons for not accepting the DNSP's total forecast capital or operating expenditure.[85] This would elevate the DNDP in a way that would be inconsistent with the DNDP's role as a planning document.

For example, the AER would be required to have regard to the DNDP when deciding if it is satisfied that the proposed total forecast operating or capital expenditure for the regulatory period reasonably reflects:

- the efficient costs of achieving the expenditure objectives
- the costs that a prudent operator would require to achieve the expenditure objectives, and
- a realistic expectation of the demand forecast, cost inputs and other relevant inputs required to achieve the expenditure objectives.

We expect that this approach would change the focus of the DNDP from improving transparency for DNSPs' stakeholders, to being prepared for the AER and the regulatory proposal process. It would likely incentivise the AER to provide greater guidance on the DNDP than it might otherwise, and may even move towards an informal approval process for the DNDP. This is because, for the DNSPs' proposed approach to be effective, the DNDP would need to provide information to support the key AER's determination decisions, rather than acting as context.

We also note that the changes being proposed by the DNSPs may have a material impact on the revenue determination process in Chapter 6 of the NER. This has not been a point of consultation to date, and other stakeholders have not had sufficient opportunity to provide their views.

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81 Submissions to the draft determination, Ausgrid, p.4; SA Power Networks, p.2.

82 Submissions to the draft determination, CitiPower, Powercor and United, p 3; ENA p 2.

83 Endeavour Energy, p 2; Ergon Energy Network and Energex, p 8.

84 See clause 6.8.2(c4) of the final rule and clauses 6.10.1(b)(1) and 6.11.1(b)(1) of the NER.

85 For example, the AER would need to have regard to the DNDP when: deciding whether the total forecast operating or capital expenditure for the regulatory control period reasonably reflects the expenditure criteria (under DNSPs' proposed amendment to NER clauses 6.5.6(e) and 6.5.7(e)); accepting a contingent project in a distribution determination (NER clause 6.6A.1); amending a distribution determination for a contingent project (NER clause 6.6A.2); determining that capital expenditure should be reduced where the overspending requirement is satisfied (NER clause S6.2.2A); and deciding whether depreciation for establishing the regulatory asset base for a distribution system as at the commencement of the following regulatory control period is to be based on actual or forecast capital expenditure (NER clause S6.2.2B).

For these reasons we have not adopted the proposal from some DNSPs that the AER be required to have specific regard to the DNDP, as part of the operating and capital expenditure factors, in making its decision on a revenue determination. We also note that the final rule requires the AER to give greater consideration to the DNDP than what is currently required for the DAPR, which the AER does not have to have specific regard to under the existing rules (unless submitted with a regulatory proposal).

2.3 Our final rule introduces a new annual update

Box 3: DNSPs must publish an annual update to maintain transparency and information sharing

Shifting to a planning report that is published every five years could create a gap in the transparent sharing of information.

Our final rule addresses this gap by:

- requiring DNSPs to publish an annual update
- specifying the content that the annual update must include
- providing flexibility for DNSPs to develop innovative reporting approaches that enable information to be located where it is most relevant for users.

The Commission considers the annual report balances innovation and reporting efficiency with the ongoing need for clear, accessible, and transparent information for stakeholders.

2.3.1 Requirements under the annual update

Under the final rule, the existing annual planning process is being replaced. This change removes the need for the DAPR, which previously served as the primary annual vehicle for consolidating and publishing forward-looking planning information. While the new planning process simplifies and modernises planning, it also creates a gap in how planning information is transparently shared on an annual basis.

The final rule addresses this gap by implementing an annual update. This report will focus on material changes and recent developments since the publication of the DNSP's DNDP or previous annual update.

Under the final rule, the annual update must include, among other things:

- changes to the distribution network, operating environment and assets
- RIT-D projects the DNSP has completed or progressed
- joint planning with other network service providers
- non-network options that the DNSP has considered and any engagement with non-network providers.[86]

This information will provide industry with access to timely, forward-looking insights on network development, joint planning and investment priorities, despite the removal of the DAPR.

The Commission remains of the view that the annual update should operate as a targeted mechanism for maintaining visibility between DNDP cycles, rather than recreating the DAPR. Stakeholders supported retaining a targeted mechanism for regular, near-term transparency

86 Clause 5.13.2(a) of the final rule.

between DNDP cycles. Submissions to the draft determination recognised that annual reporting remains important to maintaining visibility of network planning assumptions, expected network conditions, and the progress of projects and non-network opportunities between the publication of each DNDP.[87]

Several stakeholders also raised concerns with the proposal to require DNSPs to publish an annual update by 31 October in the years following a DNDP. In particular, ENA and Ergon Energy Network & Energex consider that a 31 October deadline would create operational and resourcing pressures for DNSPs because the same teams are often responsible for preparing multiple annual planning and regulatory reporting outputs.[88] Similarly, CitiPower, Powercor and United Energy consider that a 31 October deadline would reduce the time available for DNSPs to consider updated inputs and assumptions, particularly where AEMO's Inputs, Assumptions and Scenarios Report is published in July or August.[89] These DNSPs and ENA consider that a 31 December publication timing would reduce resourcing constraints and allow DNSPs to:

- more fully consider new inputs and assumptions
- produce a more robust update to the DNDP
- provide more valuable information to customers and stakeholders.

The Commission continues to consider that the planning framework should require DNSPs to provide a broad range of stakeholders with key information on their network's current and expected near-term state, but that the proposed timing should better reflect the practical steps DNSPs must take to prepare a meaningful update. The Commission has therefore amended the final rule to consistently require DNSPs to publish a DNDP by 31 December, unless an alternative date is specified in AER guidelines (section 2.4). The final rule also clarifies that DNSPs will not be required to submit an annual update the year before their next DNDP is due as this would have resulted in DNSPs publishing an annual update one month before their next DNDP. The Commission considers that these changes will better support a robust update process, improve the practical usability of the annual update, and reduce the risk of unnecessary inefficiency or duplication in reporting processes.

The final rule therefore retains the annual update as an important source of near-term transparency, while making changes to its publication requirements to improve implementation and utility.

The final rule retains the existing industry engagement obligations for non-network options and introduces new annual reporting requirements

DNSPs are currently required to undertake industry engagement on non-network options and report on specific issues in respect of non-network options in their DAPR.[90] While DNSPs are expected to consult with non-network providers as part of the DNDP, the move to a five-yearly planning cycle would remove the requirements for regular annual consultation.

The Commission anticipates that there will be greater opportunities for non-network options going forward due to the increasing uptake of CER and emerging technologies. As such, the Commission considers it important to maintain an engagement mechanism that supports the identification of non-network options. To address the potential gap in engagement opportunities,

87 Submissions to the draft determination, AER, pp. 2-3; CEC, pp. 1-2; EUAA, pp. 2-4; Origin, p 1; EnergyAustralia, pp. 4-5; CitiPower, Powercor and United Energy, pp. 1, 6; ENA, pp. 4-5; Ergon Energy Network and Energex, pp. 10-11.

88 Submissions to the draft determination, ENA, pp. 4-5; Ergon Energy and Energex, p 12.

89 Submission to the draft determination, Citipower, Powercor and United, p 6.

90 See clause 5.13.1(f) and Schedule 5.8 of the NER.

the final rule also introduces a new requirement for DNSPs to report annually as part of their annual update on the engagement they have undertaken with non-network providers.

The Commission considers this is necessary to require DNSPs to genuinely engage with non-network providers with accountability and transparency in how they have done so.

2.4 The AER must publish planning guidelines

Box 4: Requiring the AER to publish planning guidelines

The final rule requires the AER to develop planning guidelines that:

- must include best practice forecasting guidance
- may specify additional information to be included in the DNDP and annual update if necessary to align the information requirements with other reporting processes
- may specify an alternative publication date for the annual update.

DNSPs are required to follow the AER planning guidelines, helping create consistency across DNSPs in how scenario analysis is conducted and making it easier for stakeholders to engage. In addition, providing the AER with discretion to add to reporting requirements provides flexibility to the AER to enable consistent and streamlined reporting for DNSPs, reducing regulatory burden.

The final rule requires the AER to develop and maintain guidelines to provide additional, binding guidance to DNSPs when preparing the DNDP and annual update.[91] The guidelines must include best-practice forecasting guidance to provide clarity and consistency in how DNSPs undertake scenario analysis. The Commission expects that the content of the planning guidelines would be similar to the existing forecasting best practice guidelines that the AER produces to guide AEMO in developing its forecasts for the ISP.[92] This approach ensures a level of consistency and transparency of scenario analysis across the NEM (section 2.2.3).

The final rule also provides the AER with discretion for the guidelines to specify additional information that the DNDP and annual update must include where necessary to align the information provided with other information that DNSPs must provide under the NER.[93] This allows the AER to promote consistency and minimise duplication between the proposed DNDP and other similar reporting requirements under the NER, such as reporting requirements that form part of DNSPs' regulatory proposals and distribution network data reporting framework (chapter 3).

The final rule also allows the AER to specify a date by which a DNSP must publish the annual update for any year.[94] For example, the AER may choose to align the timing of the annual update and/or content with other reporting processes.[95] This approach allows the AER to maximise synergies between the various reporting requirements and minimise the regulatory burden on DNSPs.

91 Clause 5.13.3 of the final rule.
92 AER (2026), forecasting best practice guidelines.
93 Clause 5.13.3(a)(2) of the final rule.
94 Clause 5.13.3(a)(3) of the final rule.
95 Unless the AER chooses to amend the reporting date for the annual update, DNSPs must submit it by 31 December as discussed in section 2.3.1.

The final rule gives the AER the flexibility to publish these planning guidelines and other guidelines, such as guidelines that support distribution network data reporting (chapter 3), in the same document.[96] This allows the AER to set common reporting standards, ensuring information used by DNSPs to support their forecasts and models in the DNDP is consistent with data published under the data reporting obligation. This approach makes it easier for DNSPs' stakeholders to compare and understand common or related information.

The AER must consider the purpose of the DNDP and follow the Rules consultation procedures when developing or amending the guidelines.[97] The final rule also requires the AER to review the guidelines at least once every five years to ensure they remain fit for purpose.[98]

Stakeholders generally supported the requirement for the AER to develop and publish planning guidelines. However, some stakeholders raised specific issues with the draft rule.

In response to the draft determination, CitiPower, Powercor and United Energy were concerned that the draft rule could lead to the AER developing overly prescriptive guidelines for best practice forecasting.[99] They considered that the final rule should more clearly require the guidelines to be principles-based, similar to the level of prescription in the AER's guidelines for AEMO's development of the ISP. We agree that the best practice forecasting guidelines should be principles-based where appropriate. However, we also consider that the AER should have flexibility to decide where greater prescription is required. This could include, for example, standardised publication or consultation requirements that all DNSPs must comply with. We consider that the draft rule is sufficiently broad to provide this flexibility and therefore have not amended the drafting for the final rule.

96 Clause 5.13.3(d) of the final rule.
97 Clause 5.13.3(b) of the final rule.
98 Clause 5.13.3(c) of the final rule.
99 Submission to the draft determination, Citipower, Powercor and United Energy, pp. 4-5.

3 Our final rule establishes a new distribution network data reporting framework

Box 5: Final determination - Rule 5.13A has been amended to implement a new distribution network data reporting framework

We have found that there are issues with the visibility of the distribution network, particularly visibility of available network capacity. While DNSPs had begun independently addressing these issues by publishing data, there is a material risk that the DNSPs are adopting inconsistent processes, making it difficult to assess information across the NEM.

There are also differences in the level of low voltage network data transparency provided by DNSPs. Distribution network users, including consumers, may therefore experience different levels of transparency and data availability, depending on the network location. This limits customers' ability to make informed investments in CER. Similarly, it also makes it more difficult for other stakeholders to make informed connection requests and investments.

Our final rule addresses these issues by introducing a framework to improve the collection and publication of distribution network data, while maintaining flexibility to adapt to the outcomes of other ongoing projects, such as the national CER roadmap.

It achieves this by establishing the following elements in the NER:

- the purpose of the framework that establishes its scope
- a requirement for DNSPs to follow AER guidelines that will establish the data reporting requirements, including frequency and data types
- three core principles that the AER must consider when producing the guidelines
- a requirement for the AER to produce the guidelines by 1 March 2028, and for DNSPs to adhere to them within 6 months
- a requirement for the AER to review the guidelines at least every 5 years to ensure that the guidelines remain current and reflect emerging technology and
- a requirement for the AER to follow the rules consultation procedures when developing and amending the proposed guidelines, so that the guidelines can draw on stakeholder feedback.

This approach is the most effective means for reporting appropriate, up to date and consistent data by DNSPs for their stakeholders. The framework provides the flexibility and guidance required to improve visibility of the distribution network. The final rule also provides scope for the framework to adapt to changes in stakeholder requirements as the use of the distribution network continues to evolve with the increasing uptake of CER.

We consider that this approach is more preferable to the rule change proposed by ECA. While it is less prescriptive, the greater flexibility in our final rule will allow it to more effectively integrate with the outcomes of related projects including those already underway. It will also be more responsive to changes in technology, facilitating improvements in data reporting without requiring further rule changes. The framework also allows the AER and DNSPs to adopt ECA's proposed network data roadmaps. As such, we consider our final rule better promotes efficient investment in electricity services for the long term interests of consumers, as required by the NEO, compared to ECA's proposed approach.

3.1 The purpose of the distribution network data reporting framework is established in the NER

Our final rule establishes a purpose for the distribution network data reporting framework with a clear nexus between the identified issues above and the purpose of the guidelines below. It also clarifies the types of distribution network data that the framework is intended to capture, while ensuring that the costs of collecting and publishing the data are assessed against the benefits (section 3.3).

The final rule establishes the following purpose for the data reporting framework in the NER:

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.*[100]

This purpose frames how the AER must design and implement the guidelines, including the types of data that we expect the AER to seek to incorporate into the guidelines.[101] This approach, when combined with the proposed principles (section 3.3), will require the AER to have regard to the benefits and costs of collecting and publishing the data types outlined above.

3.1.1 Some stakeholders are concerned that the purpose does not provide sufficient guidance on the framework's scope

Several industry stakeholders are concerned that the purpose for the distribution network data reporting framework, and the framework more broadly, does not establish all the necessary data sharing obligations on DNSPs. For example, AGL Energy is concerned that the framework does not establish baseline expectations for sufficiently granular, location-specific information.[102] The Australian Energy Council takes a similar view, as it submits the framework should require the AER's guidelines to be developed with reference to identified use cases.[103] Zepben makes a similar point in its submission as it also considers the final rule should provide clearer guidance on the intended use cases that the guidelines should support.[104] EnergyAustralia is also concerned that the examples may lean themselves to static rather than dynamic data sets.[105]

We do not agree that the purpose, or the final rule more broadly, should refer to or establish use cases for the guidelines. We also do not consider that the purpose requires any stronger references to low voltage data, which we note already refers to indicative local network constraints as an example of the types of data that would be useful. We also do not consider that the purpose or rule needs to establish the required levels of data granularity, reporting frequency or data types (e.g. static or dynamic data sets).

Being overly prescriptive in the rules would hinder innovation in reporting by DNSPs, many of which are currently investing in developing new capabilities. We also expect that the evolving

100 Clause 5.13A.1(b) of the final rule.
101 Clause 5.13A.2(b) of the final rule.
102 Submission to the draft determination, AGL, p 2.
103 Submission to the draft determination, AEC, p 3.
104 Submission to the draft determination, Zepben, pp. 9-10.
105 Submission to the draft determination, EnergyAustralia, p 5.

nature of the relationships that DNSPs have with stakeholders will continue to drive innovation over the medium-to-long term, and that guidelines will provide a more agile means of responding to emerging issues and developments. Additionally, excessive prescription in the rules may require DNSPs to publish data that meets current requirements but becomes marginally useful or redundant over time, while continuing to incur a cost to consumers. We consider that the inflexibility issues identified with the existing distribution annual planning process and reports should be addressed under the new rule.

As such, we remain of the view that the above matters raised by stakeholders are best established in the AER guidelines rather than the rules. Each of these factors will vary over time and across DNSPs, based on factors such as CER uptake and available non-network options. The current purpose is sufficiently broad to allow the AER to decide, in consultation with stakeholders, on the necessary data formats, frequency of reporting, and network granularity that would maximise the benefits to network users. We also expect that stakeholder feedback on data and data sets to be provided during the AER's consultation on the guidelines, and AER's previous work through their Network Visibility Project, will inform the first stage of drafting the guidelines, which must be consulted on using the rules consultation procedures.[106]

While most stakeholders focused on the data that would be included in the guidelines, Ergon Energy and Energex proposed drafting changes to the purpose to change its focus. They are concerned that the purpose does not focus on consumers, who are at the centre of the National Electricity Objective, as it refers to network users.[107] We agree that users of the network are broader than consumers, but our view remains that it better captures the broader range of stakeholders that require access to the data provided by DNSPs. For example, providers of non-network options and EV charging infrastructure also require access to DNSP data to provide solutions that would benefit consumers, such as through the deferral of network augmentations.

3.1.2 We expect that the AER will resolve any duplication of reporting under the data and DNDP Guidelines

Some DNSPs, expressed concern that the requirement to publish forecasts under the DNDP (chapter 2) as well as data on the expected future state of distribution networks may lead to duplication and inconsistency.[108] We have created this overlap intentionally to allow the AER to create standardised reporting between the DNDP and data frameworks. We consider that the scope of these frameworks is sufficiently broad to allow the AER to resolve potential duplication. Further, under the final rule, the AER will be required to consider data that is publicly available, which may also include data reported under jurisdictional requirements (section 3.3).[109]

3.1.3 Metering providers will continue to be able to enter commercial arrangements with DNSPs for data provision under the new rule

One metering provider is concerned that some data sets highlighted by stakeholders are new, and that metering providers may need to invest in capability to provide data not covered by existing commercial agreements.[110] We also note that the final rule does not place any reporting obligations on metering providers and the data reporting framework will only apply to DNSPs. We also expect that the costs to DNSPs of procuring any additional data from metering providers

106 NER, Rule 8.9.
107 Submission to the draft determination, Ergon Energy and Energex, p 12.
108 Submissions to the draft determination, Essential Energy p 6; SA Power Networks, p 4.
109 Clause 5.13A.2(b)(1)(iv) of the final rule.
110 Submissions to the draft determination, Blue Current, pp. 2-3.

under the guidelines would form part of the assessment of the guidelines' net economic benefit, as required by the principles outlined below in section.

3.2 The guidelines will establish data reporting requirements for DNSPs

Our final determination is that DNSPs must publish distribution network data in accordance with guidelines to be published by the AER.

This approach provides the most effective mechanism for ensuring DNSPs are publishing up to date data in a consistent format that is readily accessible by relevant stakeholders.

3.2.1 We expect that the AER will account for the differences in DNSPs' data capabilities and access to data when preparing the guidelines.

DNSPs currently have varying levels of data reporting capabilities due to, for example, differences in systems, stakeholder requirements, and access to smart meter data. We expect these differences will diminish in the future as DNSPs invest in IT systems and monitoring equipment, and the smart meter rollout continues.

In the near term, these differences mean that not all DNSPs will be able to provide access to the same level and quality of data. We expect that some DNSPs will require more time to fully comply with any more rigorous reporting requirements if included in the proposed AER guidelines.

Our final rule allows the AER to consider these differences when developing the guidelines. It allows the AER to consider differences in DNSP capabilities and also to publish data in stages.[111] This is intended to allow the AER to account for the near term differences in DNSP capabilities, by establishing differing reporting requirements where needed. It also allows the AER to establish differing reporting requirements where the benefits and costs of data collection and publication vary between DNSPs, and may even vary within a DNSP's network based on locational factors, network design and stakeholder needs.

This tiered approach will allow DNSPs to improve their data capabilities in the most effective manner. We expect that over time all DNSPs will report to a common standard under the guidelines, with any variations based on stakeholder needs rather than DNSPs' capabilities.

We expect that the AER will implement reasonable transitional arrangements in the first iteration of the data guidelines

Our final rule also allows the AER to implement transitional arrangements in the guidelines, as it allows the AER to require DNSPs to publish data in stages.[112] We expect that the AER will use this discretion to establish reasonable transitional arrangements for DNSPs given their different capabilities.

We acknowledge that several DNSPs have expressed concern that the rule should expressly require the AER to include transitional requirements in the guidelines. They are concerned that the transitional requirements for the data reporting framework and the six-month implementation timeframe following publication of the guideline do not allow sufficient time for the development of new capabilities.[113] We recognise that the AER has significant discretion regarding transitional requirements under the final rule. However, we expect that the AER will consider feedback received when following the Rules consultation procedures and will implement reasonable

111 Clause 5.13A.2(d) of the final rule.
112 Clause 5.13A.2(d) of the final rule.
113 Submissions to the draft determination, TasNetworks p 4; Endeavour Energy p 6; Jemena p 4.

transitional arrangements in the first iteration of the guidelines, while moving towards standardisation in following iterations.

3.2.2 The final rule provides flexibility for the AER to impose additional requirements that it considers are needed, such as requiring DNSPs to produce data roadmaps

The final rule provides the AER with discretion to require DNSPs to produce data roadmaps. [114] We have retained this approach as we remain of the view that while data roadmaps would be beneficial for DNSPs to engage with sophisticated stakeholders, it is unclear if they are beneficial for all stakeholders across the distribution networks in the NEM. For example, we anticipate that the value of data roadmaps would be lower in areas where there continues to be lower uptake of CER.

As such, it will be up to the AER to determine if data roadmaps will provide a net benefit as part of preparing the guidelines. The AER must also only include data roadmaps in the guidelines under the final rule if it has considered the three principles outlined in section 3.3, including whether there are net economic benefits. Most stakeholders that commented on the data roadmaps were supportive of this approach. For example, the Energy Users Association of Australia considered that these additional requirements did not create an unmanageably broad scope provided the AER applies the below principles rigorously.[115] Similarly, the Clean Energy Council considered allowing the AER to require data roadmaps where there is a demonstrated net economic benefit was appropriate.[116] Some DNSPs also provided support for allowing the AER to require data roadmaps, with Jemena reiterating its support in submission.[117] While Ergon Energy and Energex also provided support, they emphasised that such roadmaps are indicative only and they will shift depending on factors such as advances in technology.[118]

We note one stakeholder also raised several issues that they would like the AER to consider when incorporating data roadmaps into future guidelines. For example, distributional reporting that could lead to the publication of aggregated consumer data to provide visibility of residential consumption and export at suburb, postcode, feeder or zone-substation level, potentially separated into groups based on factors such as CER investments (e.g. solar only or battery only).[119] We note that the AER will have opportunity to consider the merits of including this data in any data roadmap during its consultation on the guidelines and that these matters should be raised during this process.

The final rule also requires the AER to have regard to existing reporting requirements, which we anticipate would include initiatives already under way by DNSPs, locational differences between the availability and usefulness of data, and the outcomes of the CER roadmap initiatives.

3.3 The AER must consider three principles when preparing the guidelines

Our final determination is that the AER will be responsible for preparing the proposed network data reporting guidelines in accordance with the following three principles:

1. *the net economic benefit of compliance with the guidelines;*
2. *protection of confidential information and personal information; and*

114 Clause 5.13A.2(d) of the final rule.
115 Submission to the draft determination, EUAA, p 5.
116 Submission to the draft determination, CEC, p 8.
117 Submission to the draft determination, Jemena, p 3.
118 Submission to the draft determination, Ergon Energy and Energex, p 18.
119 Submissions to the draft determination, Christian Alexander, p 12.

3. *data that would otherwise be publicly available*.[120]

We considered that this approach would allow the AER to make guidelines that support ongoing improvements in network data publication and transparency.

Some stakeholders raised concerns with these principles in their submissions to the draft determination. For example, the Energy Users Association of Australia considered that the three principles provided a solid foundation, but did not capture all the relevant considerations. It put forward two additional considerations, the future value of data and the need to promote comparability across DNSPs.[121]

Ergon Energy and Energex also raised concerns with adopting the above three principles over the six set out in our directions paper (see table 3.1 below). [122] For example, they are concerned that the definition of net economic benefit in the NER is too broad and will require the AER to consider the benefits to all NEM participants, rather than only consumers. They are also concerned that it may lead to the inclusion of illusory benefits and further considered that the original principles would govern the concept of net benefits in a way that was more practical, equitable and defensible.[123]

In comparison, ECA is concerned that the use of a net economic benefit test would not deliver a minimum level of network visibility that it considers is needed to support the energy transition. It also emphasised that the net economic test should not only consider the efficient costs to DNSPs of data reporting, but also the need to avoid transaction and administrative costs on non-DNSPs.[124]

We remain of the view that the three overarching principles adequately capture the six principles in the directions paper (Table 3.1). We also consider that they strike the right balance, providing the AER with discretion to evaluate all the benefits and costs that would result from DNSPs complying with the data. This would include the future and current benefits of publishing the data, as well as the costs incurred by parties other than DNSPs. For example, if the guidelines did not adequately address data standardisation, then compliance with the guidelines would deliver less economic benefit and higher costs. The principles also provide the AER with sufficient discretion to consider the different costs and benefits that may arise across the DNSPs, given their existing differences in capabilities and differing levels of CER uptake across the NEM. We consider this discretion is necessary for the successful operation of the framework, as not all datasets will be as valuable to all DNSPs' stakeholders or as efficiently produced (e.g. we anticipate there will be differences in the benefits and costs between the three NSW DNSPs and their stakeholders).

Table 3.1: Comparison of the final data reporting framework against the directions paper's proposal

Principles proposed in the directions paper	Approach taken in the final rule
The consumer benefit of requiring DNSPs to publish particular data types or data sets.	These principles from the directions are addressed through principle 1 in the final rule - Net economic benefit of compliance with the guidelines.
Whether the consumer benefit is sufficient to offset the cost to DNSPs publishing the data.	

120 Clause 5.13A.2(b) of the final rule.
121 Submission to the draft determination, EUAA, p 5.
122 Submission to the draft determination, Ergon Energy and Energex, pp. 15-18.
123 Submission to the draft determination, Eergon Energy and Energex, p 15.
124 Submissions to the draft determination, ECA, p 7.

Principles proposed in the directions paper	Approach taken in the final rule
The potential use cases for the data.	
Protection of confidential and personal information was separately specified in the directions paper.	Protection of confidential information and personal information is now principle 2 in the final rule.
The feasibility of collecting and publishing the data in the proposed format.	This principle from the directions paper has not been retained and a new one adopted to require the AER to consider data that would otherwise be publicly available (principle 3) to prevent duplicative reporting requirements.
Differences in DNSP data capabilities and how this can be managed (e.g. transition periods for some DNSPs).	The final rule provides the AER with discretion to prepare guidelines that include transitional requirements, and it can also account for differences in DNSPs' data capabilities (section 3.2)
Feedback provided by stakeholders during the consultation period.	The final rule establishes separate consultation requirements for the AER (section 3.5).

3.4 The AER must consider whether the guidelines require updating every 5 years

In the absence of regular updates and reviews, there is a risk that the guidelines could become outdated, given the rapidly evolving landscape of distribution system operations, data, customer requirements, reporting tools and analytical techniques. The risk is twofold – not only could the guideline fail to meet current information needs, but DNSPs may be forced to allocate scarce resources to compiling information that is no longer required.

Our final determination is to require the AER to consider, at least every 5 years, whether the guidelines require updating. This approach mitigates the above risks, while maintaining the benefits of adopting guidelines and avoiding prescriptive requirements in the NER.[125] This will ensure the AER regularly considers whether the guidelines remain fit for purpose, without compelling the AER to conduct full reviews inside a 5-year period if they are not needed.

The final rule also provides the AER with flexibility to review and amend the guidelines at any time should it identify a need to do so. For example, a review may be conducted to reflect the outcomes of the national CER roadmap or improve harmonisation with related processes such as the Distribution Network Development Plan (chapter 2) or a regulatory proposal.

3.5 The AER must follow the Rules consultation procedures when it develops or amends the guidelines

Our final rule requires the AER to follow the Rules consultation procedures in rule 8.9 of the NER when developing or amending the guidelines. The AER must decide whether to follow the standard, expedited or minor consultation procedures, based on the criteria in rule 8.9. The AER

125 Clause 5.13A.2(e) of the final rule.

will not need to follow the consultation procedure if it does not propose any amendments after its initial review (section 3.4).[126]

We consider this approach provides an effective framework for any consultation by the AER on the guidelines. The three different consultation procedures in rule 8.9 allows the AER to adopt the procedure that is best suited to the extent or types of amendments it is considering to the guidelines. These procedures are also well known and understood by stakeholders. As such, we anticipate adopting the procedures will minimise the costs of consultation for all parties.

We remain of the view that creating data reporting guidelines does not warrant a bespoke consultation framework. Adopting an existing, standardised framework will reduce implementation costs while ensuring stakeholders are effectively engaged.

126 Clause 5.13A.2(b) and (f)(2) of the final rule.

4 Implementation, transitional and consequential arrangements

Box 6: Implementation and transitional arrangements under the final rule

Our final determination is that the planning framework will be implemented by January 2030, within four years after this final rule is made. While this is faster than proposed by ECA, we consider that the revised planning process set out in chapter 2 will be less complex to implement than ECA's proposed approach. However, we also acknowledge that the process cannot be implemented in full by DNSPs with regulatory proposals due before 2030. As such, our final rule does not require these DNSPs to meet all the proposed obligations for their first DNDP.

Our final determination for the data reporting framework is that the AER must publish its data guidelines by 1 March 2028 and DNSPs must comply with these guidelines by 1 September 2028 (chapter 3).

4.1 DNSPs must develop a DNDP for their next regulatory proposal

Our final determination is that the DNDP framework must be implemented by each DNSP alongside their next regulatory proposal. This will ensure each DNSP has a long term plan in place for their distribution network within four years of this final rule being made.

However, we also recognise that it is not feasible for DNSPs with regulatory proposals due before 2030 to follow the entire DNDP process for their first plan. Our final rule addresses this issue by providing that ACT, NSW and Tasmanian DNSPs (due to submit their next regulatory proposals to the AER by 31 January 2028) and Queensland and South Australian DNSPs (due to submit their regulatory proposals to the AER by 31 January 2029) are not required to include forecasts of metrics underpinning their low voltage networks in their initial DNDP.[127] ACT, NSW and Tasmanian DNSPs also are not required to follow the proposed AER planning guidelines for their initial DNDP, given the guidelines will not be published until 1 March 2028 (section 4.2).[128]

We expect that this implementation approach will lower the cost of adopting the DNDP framework while ensuring information is available to network users and customers as soon as possible. We note that there may be some inconsistencies and less transparency between the DNDPs in the short term, but expect this to reduce as the new process becomes embedded and once the AER's guidelines are published.

TasNetworks noted that it has already commenced work on its next regulatory proposal and considers that there is insufficient time for it to conduct stakeholder engagement and submit a meaningful DNDP that will contribute to improved planning and customer outcomes by January 2028. For this reason, TasNetworks requested that the transitional period be extended so that its first DNDP is required to be prepared for its 2034-39 regulatory proposal.[129] It considers that Tasmanian customers and market participants would not be disadvantaged by a slower implementation timeframe because of the comparatively slower uptake of CER in Tasmania and lower forecast electricity demand growth.

127 Clause 11.194.3 of the final rule.
128 Clause 11.194.3(a) of the final rule.
129 Submission to the draft determination, TasNetworks, p 4.

We acknowledge that Tasmania has lower rates of CER uptake at this point in time. However, we consider that all customers and market participants across the NEM should have the same access to network planning information to inform their own investment decisions. It is unclear why Tasmanian customers would not expect the same level of transparency as customers in other jurisdictions. Delaying implementation of the new framework in Tasmania would leave these customers out of step with their counterparts for five years.

We also note that TasNetworks has already commenced the stakeholder engagement process for its next revenue determination. We do not expect TasNetworks, or other DNSPs in a similar position, to recommence their engagement or make significant changes to their existing engagement plans. However, we do anticipate that they would use existing engagement processes to draw out relevant longer term needs and planning requirements for their networks through consultation and test potential solutions to help inform their DNDP. We would expect DNSPs to be consulting with stakeholders on network requirements to inform their capex proposals and that these issues could be extended to capture longer term network requirements.

The final rule is sufficiently flexible to allow for this approach, noting that it does not mandate a specific approach to engagement but requires the DNDP to include a description of:

- how the DNSP has engaged with relevant stakeholders, including distribution service end users or groups representing them;
- the relevant concerns identified as a result of that engagement; and
- how the DNSP has sought to address those concerns.[130]

We also expect that, in having regard to a DNDP that accompanies a regulatory proposal, the AER would take into account the timing of this final determination and the time available for DNSPs to conduct engagement to inform their DNDPs.

4.1.1 The system limitations template apply to the first DNDPs for ACT, NSW and Tasmanian DNSPs

Our final rule removes the system limitations template and replaces it with the distribution network planning guidelines (section 2.4). However, these guidelines will not be implemented until after DNSPs in NSW, ACT and Tasmania have prepared their first DNDP (section 4.2). To address this gap the final rule requires DNSPs in NSW, ACT and Tasmania to continue publishing the relevant parts of their DNDP in accordance with the system limitations template.[131]

4.1.2 Comparison of the final data reporting framework against the directions paper's proposal

DNSPs in ACT, NSW and Tasmania will be required to submit their first DNDP with their next regulatory proposal by 31 January 2028. These DNSPs submitted that the draft rule was not sufficiently clear in how the transition from the DAPR to the DNDP would occur.[132] They were concerned that under the draft rule they would be required to submit a DAPR in 2027 (by 31 December of that year) and then the DNDP in January 2028, which would be unnecessarily duplicative and reduce resourcing available for the new DNDP.

We confirm our intention is that these DNSPs are not required to submit a DAPR in 2027. Their last DAPR will need to be submitted by 31 December 2026. We agree with these DNSPs that requiring a final DAPR in 2027 would be duplicative and could cause confusion for stakeholders, particularly if there were changes between the two reports. The final rule clarifies this position.[133]

130 Schedule 5.8(e) of the final rule.
131 Clause 11.194.3(b)(2) of the final rule.
132 Submissions to the draft determination, Ausgrid p 10; Endeavour Energy, p 4; Essential Energy pp. 4-5; EvoEnergy p 2; TasNetworks p 4.
133 Clause 11.194.3(a) of the final rule.

4.1.3 DNSPs in ACT, NSW and Tasmania will be required to submit their first annual update in December 2028

Under the final rule, DNSPs in ACT, NSW and Tasmania will be required to submit their first annual update by 31 December 2028 (or an alternative date specified by the AER in its guidelines). Ausgrid raised concerns that submitting an annual update by 31 December 2028 will present a significant resourcing challenge as it coincides with when their revised proposal for the 2029-34 regulatory period will be due. They requested that transitional arrangements allow for the first annual update from ACT, NSW and Tasmanian DNSPs to be due in 2029.[134] Other DNSPs did not raise this issue.

We acknowledge the resourcing constraints faced by DNSPs. However, we note that without the introduction of the DNDP and annual update, DNSPs would still be required to report on their DAPR by 31 December 2028 without exception. The annual update is expected to contain a subset of the information contained in the DAPR and we therefore expect it to be less resource-intensive to prepare. In addition, if these DNSPs are not required to publish an annual update in December 2028, this will create a gap in reporting and information that would benefit other stakeholders. For these reasons we have maintained our position that the first annual update for DNSPs in ACT, NSW and Tasmania will be due by 31 December 2028 (or an alternative date specified by the AER in its guidelines).

4.2 The AER must make the distribution planning guidelines by 1 March 2028

We set out in chapter 2 that the AER must prepare distribution network planning guidelines to create a level of consistency between the DNSPs' planning approach as well as with other regulatory reporting requirements. The final rule requires the AER to prepare these guidelines by 1 March 2028.[135] We have adopted this timeline as it will:

- not significantly impact the initial implementation of the DNDP (section 4.1)
- provide the AER with sufficient time to analyse and address any inefficiencies identified between the proposed DNDP and regulatory proposal.

We expect that greater transparency and consistency in long term distribution planning will provide a range of benefits to consumers, their agents and industry stakeholders. It will support the provision of a wider range of non-network options for DNSPs to consider and provide greater visibility of long term distribution network plans (chapter 2).

We also recognise that the preparation and maintenance of the data reporting and planning guidelines will create an additional impost for the AER. The timeline adopted in the final rule allows the AER to effectively manage its resourcing and work priorities. We expect that this will reduce the overall cost to the AER while supporting the successful implementation of the distribution planning and data reporting frameworks.

134 Submission to the draft determination, Ausgrid, p 10.

135 Clause 11.194.2 of the final rule.

4.3 The AER must make the distribution data reporting guidelines by 1 March 2028 and DNSPs will have 6 months to implement them

Our final determination is that the AER must publish data reporting guidelines by 1 March 2028 and DNSPs will have 6 months to meet the new data reporting requirements.[136] This provides an implementation timeframe of around 2 years.

We acknowledge that there remains an appetite from some stakeholders for faster reform to support the ongoing uptake of CER and investment in supporting infrastructure, such as EV chargers. For example, AGL recommended requiring DNSPs to immediately publish a minimum level of baseline data that it considered would be currently available to DNSPs.[137] On the other hand, other stakeholders were supportive of the proposed implementation timeframe and the transitional provisions for DNSPs to support investment in greater data reporting.[138]

We consider that the AER requires time to consult to better understand stakeholder requirements and how to manage the differences in DNSPs' data capabilities (section 3.2). DNSPs also require time to transition their reporting systems from existing requirements for the distribution annual planning process to the guideline's requirements.

As such, we remain of the view that it would not be feasible to implement the proposed data reporting framework in less than 2 years without significant costs to DNSPs as well as risking an early revision to requirements soon after initial implementation. We also do not consider that there would be any benefit from delaying the transition to the proposed framework beyond 2 years. Further delays would prevent the proposed data reporting framework from generating improved visibility of distribution networks and supporting more efficient use of the distribution network by CER investors and other stakeholders.

4.4 Jurisdictional-specific requirements are not required in the final rule

4.4.1 The final rule will facilitate Victorian DNSPs reporting their annual update with their jurisdictional annual plan

Victorian DNSPs have specific jurisdictional planning requirements.[139] Specifically, they are required to annually plan their networks using a five year horizon and report how they plan to meet predicted demand, among other things.[140] In practice, this means that Victorian DNSPs would continue preparing an annual plan to meet jurisdictional requirements, as well as the annual update and five yearly Distribution Network Development Plan required under this final rule.

Our assessment in the draft determination was that Victorian DNSPs would need to report some additional information under the annual update that is not captured by the jurisdictional requirements. We also considered that our proposed approach was flexible enough to allow Victorian DNSPs to jointly report the additional information required under the annual update with their jurisdictional planning report.[141] Victorian DNSPs agreed with this assessment in their submissions to the draft determination, and we have therefore not made any changes for the final rule.[142]

136 Clauses 11.194.2 and 11.194.5 of the final rule.
137 Submission to the draft determination, AGL, p 3.
138 See for example submission to the draft determination, Australian Energy Council, p 4.
139 AEMC, Consultation paper, p 17 and Directions paper, pp 33-34.
140 Victorian Electricity Distribution Code of Practice, clause 19.4.1.
141 AEMC, draft determination, p 29.
142 Submissions to the draft determination, Ausnet, p 3; CitiPower, Powercor and United Energy, p 2.

4.4.2 The final rule has not been amended to reflect specific NSW planning requirements

NSW DNSPs noted that jurisdictional reforms in NSW are ongoing following the NSW Transmission Planning Review and that the final rule must be sufficiently flexible to allow them to meet their national and jurisdictional reporting requirements in the most efficient way.[143] For example, Ausgrid raised concerns that a lack of coordination between this rule change and the proposed NSW System Plan could result in a disconnect between reporting cadences and the need for a detailed and administratively burdensome annual update. NSW DNSPs requested that the final rule explicitly account for NSW-specific arrangements, including allowing NSW DNSPs to satisfy their annual update requirements through jurisdictional reporting obligations and that the AER be required to consider interactions between the NER and jurisdictional frameworks in developing its guidelines.

The Commission agrees that good regulatory practice implies minimising duplicative reporting requirements and ensuring that information that is required to be reported under different regulatory frameworks is streamlined wherever possible. However, we note that the design of the NSW planning arrangements are yet to be finalised, with the first NSW System Plan expected at the end of 2027. As such, there is limited opportunity for us to design a rule that takes into account specific jurisdictional reporting obligations on NSW DNSPs while these obligations are still evolving.

Despite this, we note that the final rule provides a framework that is sufficiently flexible to allow Victorian DNSPs to meet their jurisdictional and NER-based reporting requirements in a streamlined way without the need for a Victorian-specific rule, as discussed above. Similarly, we consider the framework should be sufficiently flexible to accommodate NSW requirements without having to explicitly account for these arrangements. In addition, our understanding is that the likely information requirements for the NSW System Plan will be similar to the DNDP, requiring similar capabilities, and we expect that NSW DNSPs will be well placed to implement both.

We also expect to engage with the NSW Government as they develop and finalise reporting and information requirements for the NSW System Plan. The NSW Transmission Planning Report noted the coordination challenges between jurisdictional and national planning frameworks and recommended that the NSW Government engage with the AEMC on, among other things, opportunities to clarify interactions between these frameworks.[144] We consider this engagement will provide an opportunity to streamline these processes where possible.

Finally, as noted in section 2.1.1, the voluntary NSW Distribution System Plan opportunities report serves a complementary role to the DNDP, should NSW DNSPs continue to publish this report. While the DNDP and annual update, NSW System Plan and NSW Distribution System Plan opportunities report all serve different purposes, we expect much of the information requirements to overlap and for DNSPs to be able to meet their planning obligations in an efficient way.

4.5 The final rule includes minor and consequential changes

In updating the distribution planning framework, the final rule also removes duplicative definitions in the NER. For example, for relevant terms that are defined in both clause 5.10.2 and Chapter 10 of the NER, the final rule either:

- removes the definition from Chapter 10, if the term is only used in Part D and schedules 5.4A, 5.8, 5.9 and 5.13 of the NER, or

143 Submissions to the draft determination, Ausgrid, pp. 4-5; Endeavour Energy, pp. 3-4; Essential Energy, pp. 2-3.

144 Farrierswier, NSW Transmission Planning Review Final Report, 8 September 2025, pp. 122-123.

- removes the definition from clause 5.10.2, if the term is used in other parts of the NER.

The final rule includes further amendments to account for these changes to the definitions as well as other consequential changes that result from replacing the DAPR with the new distribution planning framework.

The Commission considers that these minor changes will contribute to the achievement of the NEO by reducing the regulatory burden associated with understanding and complying with the NER, and therefore allowing electricity services to be provided more efficiently.

4.6 The final rule will remove the transitional provisions after they are no longer relevant

The transitional provisions in the final rule will commence on 23 July 2026.[145] Schedule 3 of the final rule, which we have added since the draft rule, will remove these transitional provisions on 31 January 2032.

We consider that removing the transitional provisions at that date, when they will no longer be relevant, is consistent with the principle in the AEMC's rule drafting philosophy to ensure the rules are as concise as possible.[146]

145 Section 2 (Commencement) and Schedule 2 of the final rule

146 AEMC Rule drafting philosophy, 30 April 2026, page i.

5 The rule contributes to the energy objectives

The Commission is satisfied that the final rule is likely to contribute to the achievement of the NEO and is in the long-term interest of consumers. The final rule is consistent with the Commission's approach in recent final determinations, where reforms improve information availability, planning and coordination rather than prescribing outcomes. We have applied the legal framework, including through the assessment criteria, to reach our final conclusion.

5.1 The Commission must act in the long-term interests of energy consumers

The Commission can only make a rule if it is satisfied that the rule will or is likely to contribute to the achievement of the relevant energy objectives.[147]

For this rule change, the relevant energy objective is the NEO

The NEO is:[148]

> to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to—
>
> (a) price, quality, safety, reliability and security of supply of electricity; and
>
> (b) the reliability, safety and security of the national electricity system; and
>
> (c) the achievement of targets set by a participating jurisdiction—
>
> (i) for reducing Australia's greenhouse gas emissions; or
>
> (ii) that are likely to contribute to reducing Australia's greenhouse gas emissions.

The targets statement, available on the AEMC website, lists the emissions reduction targets to be considered, as a minimum, in having regard to the NEO.[149]

5.2 We have considered whether to make a more preferable rule

The Commission may make a rule that is different, including materially different, to a proposed rule (a more preferable rule) if it is satisfied that, having regard to the issue or issues raised in the rule change request, the more preferable rule is likely to better contribute to the achievement of the NEO.[150]

For this rule change, the Commission made a more preferable final rule. While the final rule adopts elements of the proposed rule, we have made several amendments and adopted alternative solutions. These changes will provide a distribution planning framework that is fit for purpose, addresses the identified emerging challenges and is consistent with the broader direction of reform (section 5.2.1). The changes will also create a more flexible and adaptable distribution network data reporting framework that is more responsive to changes in stakeholder requirements (section 5.2.2).

147 Section 88(1) of the NEL.
148 Section 7 of the NEL.
149 Section 32A(5) of the NEL.
150 Section 91A of the NEL.

5.2.1 Our final rule best addresses the emerging challenges for distribution network planning

Our final rule implements an alternative planning framework, the DNDP (chapter 2), to the proposed Integrated Distribution System Plan (IDSP). We consider that the DNDP is simpler and quicker to implement for DNSPs and the AER. It creates a stronger link between the distribution planning and economic regulatory framework in chapter 6 of the NER. This reduces the regulatory burden for DNSPs while improving the quality of distribution network planning. In addition, the final rule better addresses the uncertainty created by the increasing uptake of CER than the proposed IDSP.[151]

Key differences between the DNDP and IDSP include:

- A five yearly planning cycle, allowing for more rigorous planning and meaningful engagement with stakeholders.
- Requiring DNSPs to adopt scenario analysis when preparing their DNDPs, to better address the uncertainty created by the increasing uptake of CER, as well as longer planning horizons.
- A purpose for the DNDP so it is clear to stakeholders how the DNDP fits within the broader planning framework.
- Flexible stakeholder engagement requirements, allowing DNSPs to draw on existing engagement processes while incentivising broader engagement.
- Retaining annual reporting, to maintain transparency of the expected near to medium term state of the distribution network.

5.2.2 Our final rule more effectively addresses the issues with distribution network data reporting

Our more preferable final rule better addresses the issues identified with distribution network visibility and data reporting than the proposed rule (chapter 3).[152] As noted above, it establishes a flexible framework that is proportional to the identified issues, while ensuring distribution network visibility is improved over time.

Key differences between our final rule and the proposed rule include:

- creating a clearer delineation between distribution network planning information, including forecasting, and distribution network data
- establishing a clear scope for the data reporting framework, which creates clear guardrails for the framework while providing flexible data publishing requirement
- requiring DNSPs to publish data in accordance with AER guidelines, allowing for less prescription in the rules while maintaining consistency in data reporting between DNSPs
- clarifying the role of the AER in the framework.

These changes mean our final rule better reflects principles of good regulatory practice and implementation considerations, while delivering the intended improvements to market efficiency (section 5.5).

We have considered the revenue and pricing principles

We have to take into account the revenue and pricing principles when making rules with respect to the procedure for the making of a distribution determination by the AER, including the submission of a regulatory proposal to the AER.[153]

151 A detailed assessment of ECA's proposed rule is set out in appendix A of the directions paper.

152 A detailed assessment of the issues is in the directions paper.

153 NEL Schedule 1, item 26H(a).

We have considered the revenue and pricing principles to the extent that the final rule will require the AER to have regard to a DNDP when making a distribution determination (as an accompanying document to a regulatory proposal) and in relation to the proposal by DNSPs to include the DNDP in the operating and capital expenditure factors (see section 2.2.6).

The focus of the DNDP is to improve transparency for DNSPs' stakeholders (section 2.2.6). However, we consider that the DNDP will also provide the AER with useful context on expected distribution services and the distribution system over the long term when making its determinations, taking into account relevant revenue and pricing principles such as:

- a regulated network service provider should be provided with effective incentives in order to promote economic efficiency with respect to direct control network services the operator provides, and
- regard should be had to the economic costs and risk of the potential for under and over investment by a regulated network service provider in a distribution system with which a regulated network service provider provides direct control network services.[154]

5.4 We have considered whether to make a final rule for the Northern Territory

The NER, as amended from time to time, apply in the Northern Territory, subject to modifications set out in regulations made under the Northern Territory legislation adopting the NEL.[155] Under those regulations, only certain parts of the NER have been adopted in the Northern Territory.

In developing the final rule, the Commission has considered how it should apply to the Northern Territory according to the following questions:

- **Should the NEO test include the Northern Territory electricity systems?** Yes. For this rule change request, the Commission has determined that the reference to the "national electricity system" in the NEO includes the local electricity systems in the Northern Territory and the national electricity system.
- **Should the rule be different in the Northern Territory?** The Commission has determined to make a differential rule that disapplies the final rule for the Northern Territory. The final rule does not have effect in the Northern Territory and no amendments to the NER as applied in the Northern Territory will be made as a result of the rule. This determination contributes to the achievement of the NEO by avoiding the costs, complexity and ambiguity likely to arise in the Northern Territory regulatory framework if a uniform rule was made.

See appendix C for more detail on the legal requirements for our decision.

5.5 How we have applied the legal framework to our decision

The Commission must consider how to address the emerging challenges in distribution network planning against the legal framework. The Commission has considered the NEO and the issues raised in the rule change request, and has assessed the more preferable final rule against the assessment criteria outlined in the consultation paper.[156]

154 Section 7A of the NEL.
155 These regulations under the NT Act are the National Electricity (Northern Territory) (National Uniform Legislation) (Modifications) Regulations 2016.
156 AEMC, Integrated Distribution System Planning, Consultation paper, 26 June 2025, pp 25-26.

We identified the following assessment criteria to assess whether the proposed rule change, no change to the rules (business-as-usual), or other viable, rule-based options are likely to better contribute to achieving the NEO:

- **Safety, security and reliability**
- **Emissions reduction**
- **Principles of market efficiency**
- **Implementation considerations**
- **Principles of good regulatory practice**

These assessment criteria reflect the key potential impacts – costs and benefits – of the rule change request, for impacts within the scope of the NEO. Our reasons for choosing these criteria are set out in section 4.3.2 of the consultation paper.[157] We have not changed these criteria as they were supported by stakeholder submissions to the consultation paper.

The Commission has evaluated the impacts of the various policy options against the assessment criteria, taking into account stakeholder submissions to the consultation and directions papers, and the draft determination. The rest of this section explains why the final rule best promotes the long-term interest of consumers.

5.5.1 Safety, security and reliability

The final rule supports safety, security and reliability through the implementation of a new distribution planning and data reporting framework that encourages long term planning by DNSPs. This supports DNSPs to:

- improve visibility of their distribution networks, including where system limitations are emerging
- adopt more rigorous forecasting practices, so DNSPs can better account for changing load profiles and increasing CER uptake and future network constraints
- identify the most efficient long term network investments to address identified security and reliability issues
- work with CER investors to better situate and configure their investments to support the distribution network (e.g. through the location of storage near constrained parts of the network).

5.5.2 Supporting emissions reduction

Our final rule indirectly contributes to emissions reduction by supporting the transition to a lower emission energy system. It creates a standardised, transparent long term planning framework for DNSPs. This will assist DNSPs to proactively identify and address challenges to the effective integration of CER on their networks. Improved planning transparency also supports the rollout of supporting infrastructure for the transition, such as EV charges.

The distribution network data reporting framework also provides greater transparency over the current and expected near term state of the distribution networks. This will assist stakeholders, including consumers and their agents, to make more informed investments in CER, taking into account relevant considerations such as the potential curtailment of any electricity exports. More efficient investment in, and use of CER, reduces reliance on alternative sources of generation and supports emissions reductions.

157 AEMC, Integrated Distribution System Planning, Consultation paper, 26 June 2025, pp 25-26.

5.5.3 Improving market efficiency

Our final rule improves the availability of information for DNSPs' stakeholders, including in downstream markets and the market for non-network solutions. This will:

- **Support allocative efficiency** across investment and planning - Non-network providers will be able to identify more targeted non-network options, providing DNSPs with a wider range of high quality solutions. Operators in downstream markets will also be better placed to situate their investments in areas that may benefit the network, or impose reduced costs (e.g. it will be easier for community batteries to be located near constrained sections of distribution networks, improving outcomes for the batteries and network).
- **Reduce information asymmetries and support competition** as operators in downstream markets and providers of non-network solutions will have improved access to information on the current and expected state of the network. Operators in downstream markets will then have similar levels of information to DNSPs, particularly where they may be in direct competition (e.g. the provision of EV charges and community batteries).

5.5.4 Implementation considerations

Our final rule balances the cost and complexity of implementation by:

- establishing clear roles for the DNSPs and market bodies in the proposed DNDP and data reporting framework
- incorporating transitional arrangements to support DNSPs as they replace the DAPR with the proposed DNDP
- setting out a clear implementation timeline for the new distribution network planning and data reporting frameworks
- improving trust and social licence by encouraging greater consultation between DNSPs and their stakeholders during the network planning process.

Our final rule also accounts for the differences in jurisdictional arrangements, such as the ongoing planning requirements for Victorian DNSPs, through flexible reporting requirements and reliance on public information. The final rule will assist in building trust and social licence, by improving transparency and visibility of distribution networks and network plans.

5.5.5 Principles of good regulatory practice

We have reflected the principles of good regulatory practice when preparing the final rule, so that it will:

- **Promote predictability and stability** by creating a framework that is future proof and minimises the need for any future rule changes.
- **Create greater transparency** by establishing clear links between the distribution planning and economic regulatory framework in the NER. Stakeholders will have greater visibility of how DNSPs proposed expenditure relates to planned investments over the long term.
- **Be consistent with the broader direction of reform** currently being progressed, such as through projects under the national CER roadmap.
- **Promote a principles-based approach** by establishing principles for the planning and data reporting framework in the rules, while reducing the level of prescription. This makes the NER more adaptive to changes in distribution planning and data requirements as the energy system continues to transition and new technology emerges.

A Rule making process

A standard rule change request includes the following stages:

- a proponent submits a rule change request
- the Commission initiates the rule change process by publishing a consultation paper and seeking stakeholder feedback
- stakeholders lodge submissions on the consultation paper and engage through other channels to make their views known to the AEMC project team
- the Commission publishes a draft determination and draft rule (if relevant)
- stakeholders lodge submissions on the draft determination and engage through other channels to make their views known to the AEMC project team
- the Commission publishes a final determination and final rule (if relevant).

This rule change also included a directions paper before the draft determination to allow for further public consultation on the complex issues raised in the rule change request. The directions paper set out several policy options to test with stakeholders.

You can find more information on the rule change process on our website.[158]

A.1 Energy Consumers Australia proposed a rule to reform the current distribution planning process in the NER

Energy Consumers Australia (ECA) submitted a rule change request in January 2025 to make distribution network planning more proactive and transparent. It is concerned that the existing framework is not leading to distribution network planning that is transparent and effectively supports the increasing uptake of consumer energy resources (CER). It requested we make a rule to improve the distribution planning framework in the NER by requiring DNSPs to adopt a long term planning process and publish more data.

A.2 The proposal addressed a lack of information and visibility of distribution networks

ECA submitted its rule change as it is concerned that the current distribution annual planning process does not result in:

- proactive engagement with communities
- adequate consideration of the uptake of CER
- sufficient incorporation of outcomes of the Integrated System Plan (ISP)
- sufficient data to fully inform the ISP process.

Without reform, ECA believes these issues will lead to:

- active communities not contributing to the planning of the local network
- lower utilisation of network assets and greater curtailment of energy generated from CER.

ECA also considers that there is a need for greater transparency of distribution networks and network planning. It considers that the lack of transparency is preventing more rigorous benchmarking and cross-comparisons of distribution network service providers (DNSPs) by the Australian Energy Regulatory (AER) and interested parties. It also considers the lack of

158 See our website for more information on the rule change process: https://www.aemc.gov.au/our-work/changing-energy-rules.

transparency is preventing consumers, communities and other third parties from making informed investments in CER, to the detriment of the investor and the network.

A.3 It proposed to do so by implementing a new distribution planning and data publication framework

ECA proposed to address these issues by replacing the existing distribution annual planning process with a new biennial Integrated Distribution System Plan (IDSP) process. The IDSP process would require each DNSP to release a planning report every two years, alternating with the ISP. ECA considered that this would allow the IDSPs to both draw on and inform the modelling of the ISP.

ECA also proposed a new data reporting framework that would require DNSPs to produce a Network Data and Insights Roadmap. DNSPs would be required to outline in the roadmap how they will meet the requirements of the IDSP process over an initial seven-year period. This includes, for example, how they will develop the capability to collect and utilise more data at greater spatial granularity as proposed by ECA. This would support the transition from the existing planning process to the IDSP while also allowing for greater accountability of DNSPs.

A.4 The process to date

On 26 June 2025, the Commission published a notice advising of the initiation of the rule making process and consultation in respect of the rule change request.[159] A consultation paper identifying specific issues for consultation was also published. Submissions closed on 24 July 2025. The Commission received 30 submissions as part of the first round of consultation. Issues raised by stakeholders were discussed and responded to in the directions paper published on 16 October 2025.

Submission for the directions paper closed on 13 November 2025. The Commission received 24 submissions as part of the second round of consultation. The Commission considered all issues raised by stakeholders in submissions. Issues raised in submissions were discussed and responded to throughout the draft rule determination.

On 23 April 2026, the Commission published a draft rule determination including a draft rule. The Commission received 33 submissions on the draft rule determination. Issues raised in submissions are discussed and responded to throughout this final rule determination.

159 This notice was published under section 95 of the NEL.

B Comparison of current DAPR requirements with the DNDP and annual update

Under the current National Electricity Rules (NER), distribution network planning information is primarily disclosed through the distribution annual planning report (DAPR), published annually under rule 5.13.2 and Schedule 5.8. The DAPR combines, within a single document, the requirements set out under Table B.1. As identified through this rule change process, the Commission has found that this framework is not well suited to emerging distribution system challenges.

B.1 Treatment of existing DAPR information

The final rule does not remove categories of information currently required under the DAPR, with the exception of distributed energy resources (DER) and embedded generation connection requests, which were removed to avoid duplication with AER performance reporting. Instead, it reallocates information based on its function and time horizon:

- **Long-term information currently disclosed annually through the DAPR is consolidated in the Distribution Network Development Plan (DNDP).** This includes demand forecasts, planning assumptions, identification of network constraints and risks, spatial and network context, and strategic responses, including the role of non-network options and stand-alone power systems (SAPSs).
- **Year-on-year information that provides insight into how the system is evolving is reported through the annual update.** This includes changes to forecasts or constraints, progress on regulatory investment test for distribution (RIT-D) projects, non-network actions undertaken, and other delivery-focused information.

Where information categories appear in both documents, the intent is that the:

- DNDP provides the baseline, and
- annual update reports only changes or developments since the DNDP or previous update.

The Commission's determination is that transparency can be improved, and efficiencies gained, by separating long-term planning from change reporting, rather than combining both in a single annual document.

B.2 New inclusions and expanded elements

The new elements of the final rule are limited and targeted. These include:

- the introduction of a single DNDP aligned with the five-yearly regulatory cycle
- an explicit long-term (20 year) planning horizon for distribution network planning, and
- explicit scenario analysis, including alignment with the Australian Energy Market Operator's Inputs, Assumptions and Scenarios Report (IASR), to improve coordination with other planning processes and address stakeholder concerns about comparability and transparency.

These changes reflect the Commission's determination that improved long-term visibility and consistency are necessary to better promote efficient investment and enable non-network solutions, while avoiding unnecessary expansion of annual reporting obligations.

B.3 Role of the appendix table

Appendix Table B.1 provides:

- an overview of how the existing DAPR requirements have been incorporated into the distribution network planning framework in the final rule
- a detailed breakdown of the difference in requirements between the DNDP and annual update.

This illustrates that the final rule would result in a reorganisation and strengthening of existing distribution planning requirements, rather than a material expansion of DNSP obligations, consistent with the Commission's policy decisions in the final determination.

Table B.1: Comparison of the current distribution annual planning requirements and the planning requirements in the final rule

Current planning process requirement (current NER v244)	Requirement's existing location	Requirement's location in the final rule	Requirement's location based on publication	Notes on treatment under the final rule
Publication of the DAPR	Clause 5.13.2	Removed as a document	Replaced by DNDP and annual update	The DAPR will be abolished and content redistributed to either the DNDP or annual update.
Demand forecasts for distribution services	Sch 5.8(b)(2) to (3)	Sch 5.8(a)(1)	DNDP	Expanded to 20-year horizon; no annual repetition.
System limitations and constraints (including forecasts)	Sch 5.8(c) to (d2)	Sch 5.8(a)(1), (2) and (7)	DNDP	Strategic identification over the long term.
Assumptions and methodologies for forecasts	Sch 5.8(a)(4)	Clause 5.13.1(d); Sch 5.8(b)(4)	DNDP	Must align with the IASR and explain variances where made.
Description of distribution network, including operating environment and distribution assets	Sch 5.8(a)(1) to (3)	Sch 5.8(b)(1) to (3)	DNDP	Baseline network description.
Regional development plan	Sch 5.8(n)	Clause 5.13.1(f)(2)	DNDP	To be published at the same time as DNDP. No longer referred to as a regional development map.
Non-network and demand management planning	Sch 5.8(l)(1)	Clause 5.13.2(a)(1)(iv), (v) and (vii); Sch 5.8(a)(8)	DNDP and annual update	Retained and integrated with long term planning.
DER and embedded generation connection requests	Sch 5.8(l)(2) and (3)	N/A	N/A	Removed to avoid duplication with AER performance

Current planning process requirement (current NER v244)	Requirement's existing location	Requirement's location in the final rule	Requirement's location based on publication	Notes on treatment under the final rule
				reporting.
Stakeholder engagement outcomes	N/A	Sch 5.8(e)	DNDP	New requirement.
Contact details for planning enquiries	Clause 5.13.2(e)	Rule 5.13.1(f)(1)	DNDP	To be published on a DNSP's website following publication of its DNDP.
Analysis of changes from previous forecasts	Sch 5.8(a)(5)	Sch 5.8(b)(5)	DNDP	Comparison between successive DNDPs or annual update.
Climate and outage risk identification	Added from 1 July 2027 to clause 5.13.1(d)(7) and Sch 5.8(k)(1B)[1]	Sch 5.8(a)(4), (6)	DNDP	Retained and integrated with long term planning.
RIT-D projects (status and progress)	Sch 5.8(e)	Clause 5.13.2(a)(1)(ii)	Annual update	Explicit annual reporting requirement.
Joint planning undertaken	Sch 5.8(h)	Clause 5.13.2(a)(1)(iii)	Annual update	Activity-based reporting.
Non-network options considered / actions taken	Sch 5.8(l)(1)	Clause 5.13.2(a)(1)(iv), (v) and (vii)	Annual update	Action-focused.
Engagement with non-network providers	Rule 5.13.1(e)(1) (Industry engagement obligation)	Clause 5.13.4(a)(1)	Annual update	Linked to industry engagement strategy.
Severe weather events and outcomes	Added from 1 July 2027 to Sch5.8(j1)[1]	Clause 5.13.2(a)(1)(viii)	Annual update	Performance and outcomes.
Resilience expenditure (actual and planned)	Added from 1 July 2027 to Sch5.8(m1)[1]	Clause 5.13.2(a)(1)(ix), Sch 5.8(a)(9)	DNDP and annual update	Planned expenditure and annual reporting of expenditure.
IT and communications investments (actual and planned)	Sch 5.8(m)	Clause 5.13.2(a)(1)(x), Sch 5.8(a)(10)	Annual update	Retained and integrated with long term planning.
SAPS activities and projects	Sch 5.8(p)	Clause 5.13.2(a)(1)(xi)	Annual update	Retained and unchanged.

Source: AEMC using version 244 of the NER

Note: [1] These provisions will be added to the NER on 1 July 2027 by the *National Electricity Amendment (Including distribution network resilience in the National Electricity Rules) Rule 2025*. Schedule 1 of the final rule will commence on 1 December 2027.

C Legal requirements to make a rule

This appendix sets out the relevant legal requirements under the National Electricity Law (NEL) for the Commission to make a final rule determination.

C.1 Final rule determination and final rule

In accordance with section 102 of the NEL, the Commission has made this final rule determination for a more preferable final rule in relation to the rule proposed by Energy Consumers Australia.

The Commission's reasons for making this final rule determination are set out in chapter 5.

A copy of the more preferable final rule is attached to and published with this final determination. Its key features are described in chapter 2 and chapter 3.

C.2 Power to make the rule

The Commission is satisfied that the more preferable final rule falls within the subject matter about which the Commission may make rules.

The more preferable final rule falls within section 34 of the NEL as it relates to rules regulating the activities of persons (including Registered participants) participating in the national electricity market or involved in the operation of the national electricity system under section 34(1)(a)(iii).

C.3 Commission's considerations

In assessing the rule change request the Commission considered:

- its powers under the NEL to make the final rule
- the rule change request
- submissions received during consultation
- stakeholder input received, including at the public workshops held on 14 August 2025, 5 November 2025 and 14 May 2026.
- the Commission's analysis as to the ways in which the final rule would or is likely to contribute to the achievement of the National Electricity Objective (NEO)
- the revenue and pricing principles
- the application of the final rule to the Northern Territory.

There is no relevant Ministerial Council on Energy (MCE) statement of policy principles for this rule change request.[160]

The Commission may only make a rule that has effect with respect to an adoptive jurisdiction (relevantly, Victoria) if satisfied that the proposed rule is compatible with the proper performance of AEMO's declared network functions in that jurisdiction.[161] The more preferable final electricity rule is compatible with AEMO's declared network functions because they would not affect those functions.

160 Under s. 33 of the NEL and s. 73 of the NGL the AEMC must have regard to any relevant MCE statement of policy principles in making a rule. The MCE is referenced in the AEMC's governing legislation and is a legally enduring body comprising the Federal, State and Territory Ministers responsible for energy.

161 Section 91(8) of the NEL.

C.4 Making electricity rules in the Northern Territory

As the more preferable final rule relates to parts of the NER that apply in the Northern Territory, the Commission is required to assess Northern Territory application issues, described below.

Test for scope of "national electricity system" in the NEO

Under the NT Act, the Commission must regard the reference in the NEO to the "national electricity system" as a reference to whichever of the following the Commission considers appropriate in the circumstances having regard to the nature, scope or operation of the proposed rule:[162]

1. the national electricity system
2. one or more, or all, of the local electricity systems[163]
3. all of the electricity systems referred to above.

Test for differential rule

Under the NT Act, the Commission may make a differential rule if it is satisfied that, having regard to any relevant MCE statement of policy principles, a differential rule will, or is likely to, better contribute to the achievement of the NEO than a uniform rule.[164] A differential rule is a rule that:

- varies in its term as between:
  - the national electricity systems, and
  - one or more, or all, of the local electricity systems, or
- does not have effect with respect to one or more of those systems

but is not a jurisdictional derogation, participant derogation or rule that has effect with respect to an adoptive jurisdiction for the purpose of s. 91(8) of the NEL.

A uniform rule is a rule that does not vary in its terms between the national electricity system and one or more, or all, of the local electricity systems, and has effect with respect to all of those systems.[165]

The Commission's determinations in relation to the meaning of the "national electricity system" and whether to make a uniform or differential rule are set out in section 5.4.

C.5 Civil penalty provisions and conduct provisions

The Commission cannot create new civil penalty provisions or conduct provisions. However, it may recommend to the energy ministers that new or existing provisions of the NER be classified as civil penalty provisions or conduct provisions.

The NEL sets out a three-tier penalty structure for civil penalty provisions in the NEL and the NER.[166] A Decision Matrix and Concepts Table[167] approved by energy ministers, provide a decision-making framework that the Commission applies, in consultation with the AER, when assessing whether to recommend that provisions of the NER should be classified as civil penalty provisions, and if so, under which tier.

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162 Clause 14A of Schedule 1 to the NT Act, inserting section 88(2a) into the NEL as it applies in the Northern Territory.

163 These are specified Northern Territory systems, listed in schedule 2 of the NT Act.

164 Clause 14B of Schedule 1 to the NT Act, inserting section 88AA into the NEL as it applies in the Northern Territory.

165 Clause 14 of Schedule 1 to the NT Act, inserting the definitions of "differential Rule" and "uniform Rule" into section 87 of the NEL as it applies in the Northern Territory.

166 Further information is available at https://www.aemc.gov.au/regulation/energy-rules/civil-penalty-tools.

167 The Decision Matrix and Concepts Table is available at: https://web.archive.org.au/awa/20210603104757mp_/https://energyministers.gov.au/sites/prod.energycouncil/files/publications/documents/Final%20-%20Civil%20Penalties%20Decision%20Matrix%20and%20Concepts%20Table_Jan%202021.pdf.

After consulting with the AER, the Commission proposes to make the following civil penalty recommendations to energy ministers' in relation to the final rule. The AER has provided support for these recommendations.

Table C.1: New Civil penalty provision recommendations

Rule	Description of rule	Recommendation	Reason
5.13.1(a) and (c)	This final rule will require DNSPs to submit a plan for the development of their distribution networks to the AER and publish the plans on their websites, in accordance with guidelines published by the AER. Among other things, DNSPs will be required to include 20-year forecasts in their plans and consider a range of scenarios.	Tier 1	Failure to comply with this clause may cause adverse market impacts. For example, it may cause financial harm to other market participants if there is no publicly available information about forecasts and plans for a distribution network. Failure to comply could also cause supply, security and reliability issues. For example, a lack of information could prevent generators and other networks from planning their services appropriately, which could hinder the effective operation of the power system. This clause is similar to other tier 1 civil penalty provisions in the National Electricity Rules relating to network planning, such as: • clause 5.12.1(a) and (b) • clause 5.13.1(a)(2) (i.e. the existing distribution

Rule	Description of rule	Recommendation	Reason
			planning process, which the final rule will replace) • clause 5.14.1(a)(1) and (2).
5.13.2	This final rule will require DNSPs to publish an annual update to the Distribution Network Development Plan each year describing relevant planning outcomes since the DNDP or last annual update.	Tier 2	Failure to comply with this clause will not have as significant impacts as failing to comply with clause 5.13.1(a) of the final rule, which requires DNSPs to publish the more substantial Distribution Network Development Plans. We consider a tier 2 civil penalty provision is appropriate to ensure DNSPs comply with their general reporting obligations.
5.13A.1(a)	This final rule will require DNSPs to publish distribution network data in accordance with guidelines that the AER will publish under rule 5.13A.2.	Tier 1	Failure to comply with this clause may cause adverse market impacts or consumer harm. For example, a lack of network visibility could cause financial harm to other market participants or consumers by preventing them from successfully investing in electricity services or consumer energy resources. This clause is similar to other tier 1 civil penalty provisions in the National Electricity Rules

Rule	Description of rule	Recommendation	Reason
			relating to network planning, as outlined in the first row above.

The final rule will amend clause 5.13.1(d), which is currently classified as a tier 1 civil penalty provision. The Commission does not propose to recommend to the energy ministers any changes to the classification of this provision. Clause 5.13.1(d) of the final rule sets out the required content for the Distribution Network Development Plan. A tier 1 civil penalty for this clause is consistent with our proposal to recommend that clauses 5.13.1(a) and (c) of the final rule be tier 1 civil penalty provisions.

The Commission proposes to recommend to the energy ministers that the civil penalty classifications for the following provisions are removed (Table C.2). The final rule removes the clauses, making the current classifications redundant.

Table C.2: Deleted civil penalty provision recommendations

Rule	Description of rule	Reason
5.13.1(a)(2)	A DNSP must analyse the expected future operation of its network over the forward planning period (a minimum of 5 years) in accordance with clause 5.13.1	The final rule deletes this clause as part of the update to a longer-term planning framework.
5.13.1(d1)	Each DNSP must prepare forecasts of demand for distribution services covering the forward planning period (a minimum of 5 years).	The final rule deletes this clause as part of the update to a longer-term planning framework.

Abbreviations and defined terms

AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
AEC	Australian Energy Council
CEC	Clean Energy Council
CER	Consumer Energy Resources
Commission	See AEMC
CPU	CitiPower, Powercor and United Energy
DAPR	Distribution Annual Planning Report
DER	Distributed Energy Resources
DNDP	Distribution Network Development Plan
DNSP	Distribution Network Service Provider
ECA	Energy Consumers Australia
EUAA	Energy Users Association of Australia
EV	Electric Vehicles
IASR	Inputs, Assumptions and Scenarios Report
IDSP	Integrated Distribution System Plan
ISP	Integrated System Plan
MCE	Ministerial Council on Energy
NEL	National Electricity Law
NEM	National Electricity Market
NEO	National Electricity Objective
NER	National Electricity Rules
NT Act	*National Electricity (Northern Territory) (National Uniform Legislation) Act 2015*
Proponent	The individual / organisation who submitted the rule change request to the Commission, see ECA
RIT-D	Regulatory Investment Test for Distribution
SAPS	Stand-alone Power System
VEFN	Victorian Energy Future Network