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Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000

Submitted electronically via aemc.gov.au

Clean Energy Council Submission to the Australian Energy Market Commission's Integrated Distribution System Planning - Directions Paper (ERC0410)

The Clean Energy Council (CEC) welcomes the opportunity to provide feedback to the Australian Energy Market Commission (AEMC) on its Directions Paper regarding Energy Consumers Australia's (ECA) proposed rule change on Integrated Distribution System Planning (IDSP).

The CEC is the peak body for the clean energy industry in Australia. We represent and collaborate with leading renewable energy and storage companies, along with other key stakeholders in the National Electricity Market (NEM), to drive Australia's transition to a smarter, cleaner energy system.

The CEC supports the objectives of the proposed rule change and sees it as critical to enabling consumer energy resources (CER) uptake and virtual power plant (VPP) services by reducing uncertainty, improving hosting capacity visibility and lowering risk of stranded or constrained CER assets.

The Directions Paper offers three alternative reform approaches. The Paper has a 'soft preference' for Policy Option 1. From the CEC's perspective certain policy elements are critical regardless which option the AEMC adopts, including:

1. **Biennial IDSP:** CEC supports a two-yearly planning horizon to capture long-term trends (CER uptake, electric vehicle (EV) charging, VPP growth). We also endorse alternating IDSP with The Australian Energy Market Operator's (AEMO) Integrated system Plan (ISP) to ensure alignment between transmission and distribution planning and enable integrated CER strategy. See response to questions 2 and 3.
2. **Granular data, hosting capacity, and transparency:** We support Distribution Network Service Operator's (DNSP) publishing detailed hosting capacity metrics, utilisation, export capacity, and low voltage (LV) network insights, with a roadmap for data improvements. We also recommend standardised data formats, timely updates, and open access where possible, balancing privacy and practicality. Minimum dataset requirements (e.g., by feeder, segment, or voltage level) and inclusion of performance metrics (e.g., utilisation, forecast CER uptake) are also critical. See response to questions 1,4, 7 and 8.

3. **Broader stakeholder consultation:** We support mandatory consultation with diverse stakeholders such as aggregators, VPP providers, Original Equipment Manufacturers (OEM) and CER owners. Policy should ensure third parties can meaningfully contribute to planning inputs, including future CER growth, flexibility services and non-network options. See response to questions 5 and 7.
4. **Incentivising non-network and CER-based solutions:** DNSPs should be required to evaluate flexibility portfolios and assess how VPP services can defer or replace network upgrades. We recommend for an “options analysis” publication comparing network and non-network solutions, highlighting CER contributions. See response to questions 2, 3 and 5.
5. **Clear export signals and CER integration:** We support modelling and publication of export capacity, constraints and future export potential at feeder level. We also endorse rules supporting dynamic operating envelopes (DOEs) and visibility of export rights or limits. Planning should account for CER operational capabilities (flexibility, storage, aggregation) and their interaction with network constraints. See response to questions 1, 2, 3 and 7.
6. **Transition roadmap and regulatory oversight:** We support DNSPs publishing a Network Data and Insights Roadmap outlining steps toward meeting new planning and data obligations (e.g. full implementation by July 2027). We also believe regulatory triggers and oversight mechanisms are required to ensure compliance and transparency where DNSPs fall short of obligations. See response to questions 8 and 9.

The remainder of the submission provides responses to some of the specific questions raised in the Directions Paper.

If you have any queries or would like to discuss the submission in more detail, please contact Con Hristodoulidis (hristodoulidis@cleanenergycouncil.org.au)

Kind regards,



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Feedback on Consultation Questions

Question 1: Does the purpose of the proposed strategic planning process in policy option 1 need to be outlined in the rules?

The CEC supports outlining the purpose of the strategic planning process in the rules to provide clarity, transparency and accountability. Embedding this purpose should enable greater confidence for competitive market development and consumer empowerment, and therefore more effective CER uptake. It will recognise CER and VPPs as integral to planning, supporting innovation, efficiency, and consumer-driven energy solutions.

If transparency and oversight are not balanced effectively, DNSPs may use data to justify over-capitalisation to support higher CER connection, limiting competitive VPP services and unnecessarily increasing costs. Strong governance is needed to ensure networks provide accurate, timely, and meaningful data sets that support efficient investment, enable market participation and deliver the least cost outcomes for consumers.

Question 2: Would a 20-year planning horizon most effectively support DNSPs to strategically plan their networks?

The CEC supports a 20-year planning horizon complemented by a biennial planning cycle to ensure long-term strategic alignment, while maintaining flexibility and responsiveness to changing market conditions. This approach enables DNSPs to account for evolving trends such as CER uptake, EV charging and VPP growth, while regularly updating assumptions. A 20-year outlook supports better coordination with AEMO's ISP, encourages efficient investment and helps identify future non-network and CER opportunities.

However, uncertainty over long periods requires adaptive planning and transparent data to avoid over-investment. Biennial updates will help ensure plans remain current, evidence-based and focused on consumer and market trends and outcomes.

Question 3: Is scenario analysis the most effective approach for addressing the uncertainty in a long planning horizon?

The CEC supports the use of scenario analysis as the most effective approach for addressing uncertainty in a long-term planning horizon.

Requiring DNSPs to adopt scenario analysis, aligned with AEMO's ISP and the Australian energy Regulator's (AER) guidelines, will enhance consistency, comparability, and transparency. This alignment ensures that distribution planning reflects whole-of-system outcomes, facilitating integrated investment decisions and coordinated CER.

Scenario analysis enables DNSPs to test a range of plausible futures, such as varying CER uptake, EV adoption and demand growth, helping identify efficient, flexible, and consumer-focused network solutions.

While applying consistent guidelines may add some administrative complexity, the benefits of improved transparency, better data integration and stronger alignment between transmission and distribution planning outweigh this cost.

The CEC recommends that the AEMC set clear principles to guide the development of AER scenario analysis and forecasting guidelines. These principles should prioritise system flexibility, support competitive market outcomes, and explicitly encourage the consideration of non-network solutions.

Question 4: Does the IASR provide the right baseline inputs for the proposed strategic planning process under policy option 1?

The CEC supports requiring DNSPs to use the Inputs Assumption and Scenarios Report (IASR) as baseline inputs for strategic planning, as it provides a consistent, transparent foundation aligned with national forecasts and the AEMO ISP.

This approach enhances comparability across networks and supports integrated system planning. Using the IASR ensures that planning reflects nationally consistent assumptions for CER uptake, EV adoption and load growth, reducing the risk of over- or under-investment.

However, flexibility is critical for DNSPs to incorporate local, granular conditions, such as feeder-level CER concentrations or community-specific network constraints. DNSPs should be required to declare and justify any deviations from IASR inputs, with appropriate independent oversight to ensure accountability and consistency.

While additional reporting and oversight may incur administrative costs, the benefits include more robust, evidence-based planning, better alignment with market outcomes and reduced risk of stranded assets.

Question 5: Should the proposed strategic planning process be linked to the regulatory proposal process in Chapter 6 of the NER under policy option 1?

The CEC supports linking the proposed strategic planning process to the regulatory proposal process in Chapter 6 of the National Electricity Rules (NER), as this integration would improve consistency, transparency and efficiency in DNSP investment planning.

Advantages of this approach include alignment of planning with investment incentives, more informed decision-making for both DNSPs and stakeholders, and better integration of CER and non-network solutions into both strategic and regulatory processes. Using existing Chapter 6 consultation requirements ensures that stakeholder engagement, including aggregators and consumer representatives, is consistent, reducing duplication and maintaining transparency.

Potential challenges include the risk that, without proper accountability, DNSPs may default to traditional capital solutions, leveraging their natural monopoly position, rather than pursuing more efficient CER and associated flexibility services and non-network options. Further linking to elements such as performance reporting or RIT-D assessments could enhance visibility of non-network options and CER flexibility services, but care must be taken to avoid unnecessary complexity or delays.

Question 6: Does the distribution annual planning process require an explicit purpose in the rules under policy option 1?

The CEC supports explicitly articulating the purpose of the distribution annual planning process in the rules under Policy Option 1. A clear purpose enhances transparency, aligns the annual process with the broader strategic planning framework and ensures DNSPs integrate and fully support CER flexibility services.

Question 7: Does the distribution annual planning report need to be streamlined under our proposed policy option 1?

The CEC supports streamlining the Distribution Annual Planning Report (DAPR) under Policy Option 1 to focus primarily on planning outcomes, with network data reported separately through dedicated obligations.

This separation improves clarity and usability, allowing stakeholders to assess decision-making, investment priorities and network performance without being overwhelmed by detailed operational datasets.

The DAPR should capture key outputs from the annual planning review, outcomes of RIT-D assessments, progress on joint planning obligations under Schedule 5.8, and the integration of CER. It could also report on the implementation of strategic planning recommendations, scenario analysis outcomes and changes to flexibility or capacity portfolios.

Maintaining this streamlined approach ensures transparency and accountability, while avoiding duplication or unnecessary complexity. By focusing on planning outcomes rather than raw network data, the DAPR becomes a practical tool for stakeholders, regulators and consumers to evaluate DNSP performance and the effectiveness of network and non-network investment decisions.

Question 8: Does network data need to be subject to a separate reporting requirement from the DAPR?

The CEC supports separating network data reporting from the DAPR, enabling the DAPR to focus on planning outcomes while network data is captured in a flexible, dedicated framework. This ensures stakeholders, including CER and VPP providers, have timely, meaningful access to data critical for investment and operational decisions, without overburdening the planning report.

We do not support making the proposed network data reporting rule broader in scope to cover market system functionality or compliance monitoring. The issue of roles and responsibilities for the emergent national governance around CER is already under development via the National CER Roadmap, which explicitly considers who is accountable for CER governance, compliance and system integration¹.

¹ [National Consumer Energy Resources \(CER\) Roadmap Implementation Plan Update August 2025](#)

Furthermore, AEMO is already leading technical work in this area. For example, AEMO has already analysed compliance of CER with the AS/NZS 4777.2:2020 inverter standard² and implementing emergency backstop mechanisms for high CER scenarios (for minimum system load -periods)³.

In contrast, the AER is fundamentally an economic regulator, whose remit is price regulation, consumer protections and efficiency incentives (it is not real time system control, technical compliance or market system operations). Embedding broad system functionality or compliance monitoring obligations into the AER's guidelines risks blurring distinct institutional roles, duplication, regulatory confusion and potential inefficiencies.

We suggest instead that any additional compliance or system functionality reporting be located within frameworks that reflect AEMO's system security role and the governance pathways established in the CER Roadmap, rather than expanding the AER's regulatory guidelines beyond its core remit.

Question 9: Do you agree our proposed policy option 1 would best be implemented over seven years?

The CEC considers a seven-year implementation period **too long**. Given the rapid uptake of rooftop solar and home batteries, a clear strategic planning and data framework should be established before the 2028 ISP process and the next DNSP regulatory resets.

This framework should leverage AEMO's work in the 2026 ISP⁴ to better capture and integrate, ensuring strategic planning reflects emerging CER trends, supports competitive market outcomes and enables timely non-network and VPP solutions.

A staged approach remains appropriate, but a shorter, targeted transition would ensure alignment with upcoming regulatory and planning milestones, allowing CER integration and non-network solutions to influence investment decisions.

DNSP implementation plans are supported, as they provide transparency and accountability, but timeframes should be accelerated to drive early market certainty, competitive outcomes and consumer benefits. Delaying for seven years risks misalignment with evolving market signals and may lock networks into traditional capital solutions rather than flexible CER-enabled approaches.

² [AEMO | Compliance of DER with Technical Settings; AEMO | AS/NZS 4777.2 – Inverter Requirements standard; compliance-of-der-with-technical-settings.pdf](#)

³ [Supporting secure operation with high levels of distributed resources Q4 2024; learnings-from-industry-implementation-of-emergency-backstop.pdf](#)

⁴ [AEMO | AEMO publishes key documents to commence 2026 ISP modelling](#)