

Integrated distribution system planning directions paper

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About the Justice and Equity Centre

The Justice and Equity Centre is a leading, independent law and policy centre. Established in 1982 as the Public Interest Advocacy Centre (PIAC), we work with people and communities who are marginalised and facing disadvantage.

The Centre tackles injustice and inequality through:

- legal advice and representation, specialising in test cases and strategic casework;
- research, analysis and policy development; and
- advocacy for systems change to deliver social justice.

Energy and Water Justice

Our Energy and Water Justice work improves regulation and policy so all people can access the sustainable, dependable and affordable energy and water they need. We ensure consumer protections improve equity and limit disadvantage and support communities to play a meaningful role in decision-making. We help to accelerate a transition away from fossil fuels that also improves outcomes for people. We work collaboratively with community and consumer groups across the country, and our work receives input from a community-based reference group whose members include:

- Affiliated Residential Park Residents Association NSW;
- Anglicare;
- Combined Pensioners and Superannuants Association of NSW;
- Energy and Water Ombudsman NSW;
- Ethnic Communities Council NSW;
- Financial Counsellors Association of NSW;
- NSW Council of Social Service;
- Physical Disability Council of NSW;
- St Vincent de Paul Society of NSW;
- Salvation Army;
- Tenants Union NSW; and
- The Sydney Alliance.

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Recommendations

Recommendation 1

That responsibility for assessing DNSP proposals and testing demand forecasts be given to an independent authority capable of robustly considering and representing demand-side interests, rather than relying solely on DNSPs and assuming they can act as neutral arbiters of network and non-network solutions.

Recommendation 2

That the strategic planning process be aligned with the revenue reset cycle by adopting a 2.5-year cadence to enable co-optimised engagement and critical review of DNSP inputs, assumptions, and scenarios. This engagement should include consultation with demand-side stakeholders and potential service providers.

Recommendation 3

That the Commission adopt Policy Option 1 by introducing both a strategic planning process and a reformed DAPR that retains essential network data and complements the strategic plan to promote transparency, avoid duplication, and support timely integration of distributed energy resources.

Acronyms list

Acronym	Full name
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
CER	Consumer energy resources
DAPR	Distribution Annual Planning Report
DNSP	Distribution Network Service Provider
ECA	Energy Consumers Australia
EWCAP	Energy and Water Consumers' Advocacy Program
IASR	Inputs, Assumptions and Scenarios Report
IDSP	Integrated Distribution System Planning
NER	National Electricity Rules
RAB	Regulated Asset Base

1. Introduction

The Justice and Equity Centre (JEC) welcomes the opportunity to respond to the Australian Energy Market Commission's (AEMC) Integrated distribution system planning directions paper (the Paper). We commend the Commission's commitment to strengthening long-term distribution planning and improving transparency across the electricity distribution network.

Australia's distribution networks are undergoing a significant transformation. The rapid uptake of consumer energy resources (CER) such as rooftop solar, batteries, and electric vehicles are driving this transformation. Networks that once carried electricity in one direction now manage two-way flows. This complexity brings challenges, but it also creates significant opportunities: greater flexibility, more efficient use of assets, and the potential for lower costs for consumers.

Greater transparency of networks and more effective planning is essential to realise these benefits. Distribution Network Service Providers (DNSPs) must consider long-term changes in network usage and take consistent action to identify and enable opportunities to defer costly network investment through CER, greater flexibility and other 'non-network' solutions.

As the Paper rightly observes, the current planning framework under the National Electricity Rules (NER) does not provide the necessary transparency or rigor to support this. Stakeholders and prospective service providers need clearer, more comprehensive, and accessible insights to develop and make informed investment decisions – particularly for distributed energy resources and services such as network-connected batteries, demand response projects, and public EV charging infrastructure. The current information gap undermines both consumer confidence and scope to optimise system efficiency.

We support the Commission's proposal to introduce an Integrated Distribution System Planning (IDSP) framework and a roadmap for network data and insights. These reforms are important enablers in building a planning process that is transparent, consistent, and promotes efficient network investment and operation for the long-term interests of consumers.

2. Ensuring independent and transparent network planning

Network planning is a core responsibility of DNSPs. It helps ensure that distribution networks can deliver energy reliably and efficiently at the lowest cost. However, while DNSPs can and should play an important role in planning, it must not be presumed that they represent demand-side interests and can comprehensively assess and optimise demand-side opportunities. As we noted in our previous submission¹,

DNSPs face incentives to maintain service levels, reduce operating costs, and invest capital efficiently. However, these incentives are moderated – and arguably outweighed – by a competing incentive to grow their regulated asset base (RAB)...the incentive to expand the regulated asset base is likely to outweigh incentives for

¹ See [JEC submission to AEMC Integrated Distribution System Plan Consultation Paper](#), p. 7

efficient network utilisation. This is due to the lower risk profile and the prospect of long-term, stable returns associated with large capital investments.

We reiterate this distinction as it is critical to ensuring that planning reforms are appropriately targeted at aligning roles with incentives, and enabling better outcomes for consumers through the investment and operational decisions of all entities involved.

We agree with the assessment that “there is limited transparency of the strategic plans for distribution networks.” This lack of visibility undermines confidence in DNSP decision-making and limits stakeholder engagement with DNSP planning and the development of new services and investment opportunities which may be in the consumer interest.

DNSPs have an inherent interest in expanding their networks, and while they may argue that incentives do not explicitly favour network over non-network options, experience demonstrates a consistent bias for capital investment. DNSP claims must be viewed in this wider context and with consideration of this experience.

The Commission should not seek to develop new incentives for DNSPs to adopt non-network solutions. Instead, a more effective approach is to rigorously test DNSP demand forecasts and subject their planning proposals to independent assessment to ensure greater transparency, accuracy, and utility. Where DNSPs are relied upon to weigh network and non-network options, their analysis must be rigorously interrogated, and reviewed by an impartial authority that can take a broader view of consumer and demand-side interests.

As we noted previously,

At present, no single entity comprehensively represents or captures the demand-side perspective. This is a significant gap that must be addressed. One solution could be the creation of a new national body dedicated to advancing this perspective in the distribution planning process – effectively acting as a ‘competitor’ to DNSPs on network utilisation. Alternatively, this role could be fulfilled by expanding the mandate of the Clean Energy Regulator.²

This new or expanded body could be responsible for producing a regular Demand-Side Statement of Opportunities and should operate independently of both AEMO and DNSPs.

Recommendation 1

That responsibility for assessing DNSP proposals and testing demand forecasts be given to an independent authority capable of robustly considering and representing demand-side interests, rather than relying solely on DNSPs and assuming they can act as neutral arbiters of network and non-network solutions.

The Paper rightly notes that distribution planning is becoming more complex and uncertain. If DNSPs are already conducting detailed planning beyond what is reflected in the Distribution Annual Planning Report (DAPR), those outputs should be integrated into other processes and

² Ibid. p. 9

made accessible to stakeholders. The purpose of this rule change should be seen as not only (or even primarily) requiring more planning, but to ensure that planning is robust, consistent, transparent, and accessible.

3. Building a strategic planning framework for the future

We support the Commission's initial preference for Policy Option 1.

We recommend they consider aligning the strategic planning cycle with the revenue reset process (approximately every 2.5 years). This alignment would enable stakeholder engagement to be co-optimised with strategic planning, providing the best opportunity for critical review of DNSP inputs, assumptions, and scenarios.

We support the proposed purpose of the strategic planning process:

To require DNSPs to plan efficient investment in electricity network services that maximise the long-term interests of consumers under a credible range of scenarios.

We support embedding this purpose in the rules to give stakeholders clarity on the role of strategic planning within the broader framework.

A 20-year planning horizon is broadly appropriate and will help promote consistency across DNSPs. Longer horizons – up to 50 or 70 years – should also be considered as an outer bound since network assets last for decades and their costs are borne by consumers over these timescales. Forecasts that far ahead will never be precise and should not be treated as such. However, DNSPs should still take account of long-term trends and uncertainties when developing scenarios, and clearly identify potential longer-term opportunities and challenges.

We support the requirement for scenario analysis and recommend that scenarios be developed in line with Australian Energy Regulator (AER) guidelines and best practice. Guidance should be issued to promote a consistent approach and provide assurance to stakeholders that DNSPs are implementing the proposed process with appropriate rigour.

The Paper proposes that DNSPs adopt AEMO's Inputs, Assumptions and Scenarios Report (IASR) as baseline inputs. This is sensible to ensure alignment with the Integrated System Plan (ISP). However, the ISP should also be required to better reflect the range of demand side opportunities³ – including those at the distribution level – so that planning becomes a genuine exercise in co-optimising supply and demand across the system.

We strongly support aligning with existing stakeholder engagement requirements as outlined in Chapter 6 of the NER. Strategic planning should be linked to regulatory proposals and capital plans, leveraging the intensive consumer and stakeholder engagement which is required during revenue determinations.

³ Potentially through current processes to develop a Demand Side Statement of Opportunities (DSOO)

We highlight the need to ensure engagement does not rely wholly on consumers, but also includes demand-side stakeholders and potential service providers. The proposed seven-year staged transition is reasonable, but some elements such as improved reporting should be implemented sooner to provide stakeholders with timely access to network data.

Recommendation 2

That the strategic planning process be aligned with the revenue reset cycle by adopting a 2.5-year cadence to enable co-optimised engagement and critical review of DNSP inputs, assumptions, and scenarios. This engagement should include consultation with demand-side stakeholders and potential service providers.

4. Clarifying and strengthening the role of the DAPR

We support clarifying the purpose of the DAPR in the rules: “To inform stakeholders of the current state of a DNSP’s distribution network and expected near-term changes.”

However, we are concerned that streamlining the DAPR by removing network data could fragment and obscure critical information. If the Commission decides to carve out network data from the future DAPR, it must ensure transparency through a robust data reporting guideline that evolves with stakeholder needs and promotes consistency across DNSPs.

We do not support reforming the DAPR without introducing a new strategic planning process. Attempting to merge the two functions risks doing neither well. Removing near-term reporting would remove the most ‘accurate’ DNSP data source and undermine the integration of distributed energy resources. Limiting these insights would have a disproportionately negative impact on stakeholders who rely on frequent updates about network capacity such as EV charge point providers or network battery operators.

Likewise, eliminating the DAPR would reduce annual engagement on non-network options precisely when these options offer the greatest value by deferring capital expenditure and easing pressure on energy bills.

While Policy Options 2 and 3 may be quicker and easier to implement, we question whether they would be fit-for-purpose. Both risk either displacing reporting obligations into other spheres or creating the need for supplementary reports to fill gaps left by removing the DAPR.

Maintaining the DAPR alongside a new strategic planning document is the most effective approach. The DAPR can be streamlined to complement the strategic planning process. Of the options presented in the Paper, this dual structure is most likely to promote transparency, avoid duplication, and ensure alignment with the revenue determination process.

Recommendation 3

That the Commission adopt Policy Option 1 by introducing both a strategic planning process and a reformed DAPR that retains essential network data and complements the strategic plan to promote transparency, avoid duplication, and support timely integration of distributed energy resources.

5. Continued engagement

We welcome the opportunity to meet with the AEMC project team and other stakeholders to discuss these issues in more depth. Please contact Jan Kucic-Riker at jkucicriker@jec.org.au regarding any further inquiries.