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Integrated Distribution System Planning – ERC0410

Submission via AEMC website

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ERC0410 – Integrated Distribution System Planning – Consultation Paper

AGL Energy (**AGL**) welcomes the opportunity to provide responses to the Australian Energy Market Commission's (**AEMC**) Integrated Distribution System Planning consultation paper.

AGL supports Energy Consumer Australia's (ECA) Rule change proposal and strongly agrees with the need to increase transparency of distribution network conditions and hosting capacity. Nonetheless, energy users are currently facing growing network costs due to a range of regulatory factors. Therefore, it will be critical to ensure the associated expenditure is cost-effective and delivers clear benefits to consumers. This could be achieved by prioritising data collection and reporting requirements based on existing or near-term data availability and identifying where matters can be resolved as part of other workstreams such as the Consumer Energy Resources (CER) Roadmap. This could also enable the AEMC to bring forward the delivery of this Rule change, as the proposed timeframe risks being outpaced by the energy transition.

The usefulness of DNSP reporting (and the actual benefits of the Rule) will also depend on the form in which the data is presented and its ultimate quality. Therefore, the Rule change should focus on datasets which can be feasibility collected by DNSPs under the current regulatory framework and should include a quality assurance element. Close collaboration between DNSPs and interested parties will also be important to ensure the outputs meet their needs.

The proposed IDSP process would result in the delivery of 13 separate plans. While AGL acknowledges the creation of a single plan would be unworkable, there is an opportunity to explore whether this Rule change process could be used to integrate the network planning for priority areas and projects where multiple distribution network service providers (DNSPs) may be impacted or receive connection inquiries. For example, planning for capital cities, Renewable Energy Zones, and to service large loads like data centres.

AGL would also like to highlight that longer-planning and data transparency by itself would not fully address some of the challenges present within the current regulatory framework, such as DNSP biases towards their own capital solutions. It will also be imperative to uphold distribution-network ringfencing to ensure DNSPs do not have an incentive to discriminate against third parties in the delivery of non-network solutions.

Appendix A includes responses to select consultation questions.

If you have any queries about this submission, please contact Andrea Espinosa on aespinosa2@agl.com.au.

About AGL

Proudly Australian for more than 185 years, AGL supplies around 4.1 million energy services. AGL is making a significant investment in flexibility and has been making strong progress against our grid-scale battery and distributed energy resources (DER) targets. As of FY24 AGL had 1.25 GW of decentralised assets under orchestration, with a FY27 target of 1.6 GW. Most of these assets are installed behind the connection point, and include residential batteries and solar, as well as flexible loads and backup generation systems at commercial and industrial customer sites. AGL is also a market leader in the development of innovative products and services that enable our customers to make informed decision on how and when to use their CER assets to optimise their energy load profile and better manage their energy costs.

Yours sincerely,

Kyle Auret

Senior Manager Policy and Market Regulation

Appendix A – Response to consultation questions

Question	Response
Question 1: What are the shortcomings of the current distribution annual planning process?	AGL agrees that there is a need for data sharing and transparency on network conditions and CER hosting capacity. While DNSPs are progressively improving their understanding of network conditions, this information is not often available to interested parties. More broadly, the distribution annual planning process and the current network incentive framework haven't led to meaningful uptake of non-network options. There is a need to ensure DNSPs continue to identify where CER can deliver network value, and to pass on this value to customers and their agents through network tariffs and procurement processes. Distribution ring-fencing requirements should also be upheld to avoid creating perverse incentives for DNSPs to discriminate against third-party CER connections and their non-network solutions.
Question 2: Does distribution network planning need to be further integrated with the ISP? Question 4: Is a new distribution planning process required?	AGL agrees there is a need for consistency and transparency in relation to network planning and would be supportive of a process which leads to this outcome. AGL also agrees that incorporating a longer-time horizon associated with different scenarios would be useful. Nonetheless, integrating the distribution network planning with the ISP needs careful consideration. It is unclear how the two-year planning cycle would fit in with the development of AEMO's Inputs, Assumptions and Scenarios Report (IASR) as its development alternates with the ISP. Therefore, DNSPs may be required to build their IDSPs with draft IASR data resulting in a mismatch between the planning processes. The proposed IDSP process would still result in the delivery of 13 separate plans. While delivering a single IDSP would be unworkable, the AEMC could explore integrating the network planning for multiple DNSPs in certain priority areas or project types – for example, for capital cities, Renewable Energy Zones, or for large loads like data centres. The DNSPs involved in these projects could seek to align their datasets to inform a priority project, and this would help inform augmentation needs across different networks. The ISP sets out an 'Optimal Development Path' which sets out the needed generation, storage, and network investments to transition to net zero by 2050. AGL queries whether the IDSPs are intended to deliver to a similar output. Rather than focusing on integrating the inputs and assumptions from the IDSP and the ISP, there could be value in having separate forecasts and validating these against each other.

Question	Response
Question 3: How can distribution network transparency be improved, including during network planning?	AGL agrees that more data is needed to support third parties to invest in CER, and that the aim should be for consumers, industry and other interested parties to have access to public data. However, more network data collection may not be necessary. While there is likely a technically ideal data visibility scenario, this needs to be carefully balanced against the risk of driving up costs for consumers. The AEMC should seek to determine which data is already available to networks (and perhaps has been underutilised, or under reported), which data will soon become available to networks (e.g., power quality data through the *Accelerating Smart Meter Deployment Rule*), and finally which missing data is essential to better inform CER investments. AGL encourages the AEMC to consider what a 'Minimum Viable Product' would look like and to prioritise the delivery of this in a short a timeframe as possible. AGL also notes there could be an element of flexibility in these requirements. Overly standardising the way networks need to report on their conditions would help with benchmarking but could also lead to increased 'red tape' and delay the more proactive networks from sharing this information with interested parties. AGL has had recent collaborations on projects with DNSPs whereby they've been open to sharing feeder-level data to support the establishment of dynamic operating envelopes. This significantly assisted the grid connection process and was able to provide more clarity on the connection requirements for the site. This collaboration would have been harder if the DNSPs were required to deliver this data in a specific manner or were undertaking a complex program of work to align with other networks' reporting. Nonetheless, AGL acknowledges that an obligation to share this information would support third parties in instances where it is harder to obtain.

Question	Response
Question 5: How useful is the proposed data for the IDSP process?	AGL supports exploring most of the proposed datasets and considers that the visualisation of network constraints in a granular map and information of substation hosting capacity would be particularly useful. However, the AEMC should undertake a prioritisation exercise which considers which information is readily available or will be available in the short term to contain implementation costs (refer to question 3). AGL notes that DNSPs may not be able to collect complete and accurate data on some of the proposed datasets. For example, the data on flexible appliances, energy efficiency, and electrification uptake would not be visible to DNSPs unless they are associated with a connection agreement. It would not be desirable to create new obligations or processes to collect this information, and it will be critical to consider the social acceptance behind its collection. Finally, the creation of additional reporting obligations would not fully address the challenges identified by the ECA. The usefulness of the data will be subject to its quality and to the form in which the data is reported. Therefore, it will be important to ensure there is an element of quality control on the reporting inputs and that DNSPs are required to work closely with interested parties to ensure their reporting addresses their needs. In relation to procurement of non-network services, better reporting may not necessarily lead to more appetite within DNSPs to procure these services.
Question 7: Is a Network Data and Insights Roadmap the right tool for implementing the proposed IDSP process?	AGL does not have specific concerns with the Network Data and Insights Roadmap, but considers the implementation timeframe (7 years from July 2027) as too long to deliver the intended benefits. As noted in questions 3 and 5, the AEMC should seek to prioritise datasets which are already available or nearly available so that public reporting can be brought forward.
Question 8: Are new guidelines and templates required to standardise the IDSP framework?	AGL does not oppose the creation of guidelines or templates. However, over-standardisation could lead to unintended consequences if it impedes collaboration between DNSPs and interested parties, or if the standardised outputs are ultimately not useful for industry or communities.
Question 12: How should any data privacy concerns be managed?	AGL acknowledges that more aggregated datasets would be less meaningful to inform CER investments than low-voltage transformer level data, but that smaller datasets can pose privacy risks if there are few consumers in an area. To address this, the AEMC could consider setting a minimum number of datapoints required as part of the aggregated dataset.

Question	Response
Question 13: What are your views of the benefits and costs of the proposed solution?	As noted earlier, we encourage the AEMC to prioritise elements of the proposal based on the current availability of data and by taking into consideration data that will become available through the *Accelerating Smart Meter Deployment Rule*. Other matters can be resolved as part of other workstreams including the CER Roadmap. This could also enable the AEMC to bring forward the delivery of this Rule change.