Client devices are usually connected to an Access Point (AP) in what is known as a star topology.  
  
  
Data moving from one of the clients to another is transferred though the AP. This 802.11z amendment defines mechanisms that allow IEEE 802.11™ to set up a direct link between client devices while also remaining associated with the (AP). These mechanisms are referred to as Tunneled Direct Link Setup (TDLS). A TDLS direct link is set up automatically, without need for user intervention, while the connection with the AP is maintained  
  
  
  
Several benefits:  
1. 802.11z reduces the number of times a packet gets transmitted over the air from 2 to 1.  
2. The shorter transmission times on TDLS direct links will provide power savings as well.  
3. If client devices are perhaps newer and capable of operating at data rates or in frequency bands not supported by the AP they can do data transfer.  
4. TDLS direct links, bypassing the AP, eliminates one of the transmissions and the client -to-client transmissions will often occur at much higher data rates both of which result in shorter transmission times and client device power savings.  
5. There is no need to upgrade APs to support TDLS direct links. TDLS is a client-only feature.  
6. TDLS is designed to enhance the communication between clients, especially mobile handheld devices, with limited battery capacity.  
As I understand from IEEE website that Standard is still evolving. Working group has many suggestions.   
  
  
  
However, one thing is not clear to me is how much distance it will cover?  
  
Read more: <http://wiki.answers.com/Q/What_is_802.11z#ixzz25cKUOM3Z>