



Implementation of Demand Management Incentive Scheme

Stakeholder submissions are invited on new rule change request

The Australian Energy Market Commission has commenced consultation on a rule change request from the Australian Energy Regulator (AER) which seeks to allow early application of the new demand management incentive scheme for distribution network service providers.

Background

In 2015, the Australian Energy Market Commission (AEMC) made the *Demand management incentive scheme* rule change to help balance the incentives for distribution network service providers (DNSPs) to undertake efficient demand management projects. The rule change included requirements on the AER to develop a Demand Management Incentive Scheme (Scheme) in line with the Scheme objective. The AER has developed the Scheme and published it on the 14 December 2017.

Under the current National Electricity Rules the Scheme can be applied from beginning of the next network regulatory control period which in some jurisdictions is two to three years away. This reflected a concern when the rule was made, that earlier commencement could cause the reopening of existing distribution determinations.

However, the Scheme design adopted by the AER allows for its application part way through a regulatory control period without requiring a reopening of distributor determinations.

The rule change request

On 14 December 2017, the AER submitted a rule change request to the AEMC seeking to allow DNSPs to apply to the AER for early application of the Scheme.

As the next regulatory control period for some jurisdictions is two to three years away, waiting for it would result in customers having to forgo the opportunity to benefit promptly from the Scheme.

Under the proposed rule a DNSP may seek application of the Scheme during its current regulatory control period by submitting a proposal to the AER. The AER would then assess the proposal and decide on early application of the Scheme for a DNSP and the date from which it applies to the DNSP.

The proposed rule does not include any proposed changes in relation to other incentive Schemes or regulatory mechanisms.

Expedited rule making process

The AEMC will assess this rule change request as non-controversial under an expedited rule making process subject to the receipt of any written objections from stakeholders by 6 March 2018.

Submissions

Submissions on the rule change request are due by 20 March 2018.

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