



20 March 2018

Mr Ben Davis
Acting Director
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Ben

ERC0230: Implementation of demand management incentive scheme

CitiPower, Powercor and United Energy welcome the opportunity to comment on the Australian Energy Market Commission's (AEMC) proposed rule on the implementation of the demand management incentive scheme (DMIS).

The revised DMIS, as published by the Australian Energy Regulator (AER) in 2017, provides a financial reward for undertaking demand management only where it will deliver value and more efficient outcomes to electricity consumers. The scheme is expected to lower prices for electricity consumers in the longer term.

The early application of this scheme will ensure any benefits can be realised sooner. Therefore, we support allowing the revised DMIS to be implemented prior to the commencement of our next regulatory control period.

We note, however, that given the benefits of the scheme were subject to extensive stakeholder engagement, the requirement for distributors and the AER to describe how the early application of the scheme will assist in undertaking efficient expenditure on demand management alternatives appears unnecessary. Instead, further consideration should be given to simply deeming the application of the revised DMIS from 24 months prior to the end of any business' current regulatory control period.

Should the AEMC have any queries regarding this submission, please contact Jeff Anderson on (03) 9683 4809, or janderson@powercor.com.au.

Yours sincerely,

Brent Cleeve

Head of Regulation, CitiPower, Powercor and United Energy