

12 September 2019

The Commissioners
Australian Energy Market Commission
Sydney 2000 NSW

Dear Commissioners,

I am writing to express our support for the Commission's draft determination allowing demand response service providers to participate in the wholesale energy market. We also support the submission made today by the Public Interest Advocacy Centre with the view that the long-term interests of all consumers are best served by implementing the new rule before the proposed date of July 2022 and extending participation to households at the same time.

In addition to this, it is our view that extending the structure to incentivise an increase in demand during low or negative price periods will increase the overall effectiveness of demand response in the system.

In recent years we've seen a growing number of low or negative price periods in the NEM. During these periods the current design provides no incentive for DRSP represented load to respond. This is a missed opportunity, particularly in an environment of more frequent low or negative price periods.

This is particularly relevant to larger household loads such as pool pumping and hot water. This is because there is a higher likelihood of this demand being latent as these devices are more often off than on. This creates a greater number of megawatts that are able to respond to an instantaneous signal to increase demand. These devices will only respond when they are provided with a negative or low price incentive.

Residential demand response products will lead to a higher level of uptake when they both:

1. Offer the ability to earn money by reducing demand during high price periods.
2. Use cheap or free electricity by switching on demand during low price periods.

We look forward to working with the market to bring increased levels of demand response into the NEM.

Yours sincerely,



Dean Spaccavento
CEO