



**Government
of South Australia**

Department for
Energy and Mining

Our Ref: D19107529

Mr John Pierce AO
Chairman
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

John
Dear Mr Pierce

Thank you for the opportunity to comment on the Australian Energy Market Commission's (AEMC's) Demand Management Incentive Scheme and Innovation Allowance for TNSPs – Draft Rule Determination, which was published on 12 September 2019.

The Energy and Technical Regulation Division (the Division) of the Department for Energy and Mining recognises the potential for efficient non-network solutions to provide benefits for consumers. We are highly supportive of demand management and the Division is contributing significantly to work in this area including; submission of a demand response mechanism rule change proposal; leading a national regulatory impact assessment process to require demand response capability for selected appliances; and a \$30 million commitment to demand management and distributed energy resource integration trials.

However, the Division shares the AEMC view, and the views expressed by several other stakeholders in response to the consultation paper, that there is no clear evidence that applying a DMIS for TNSPs would provide sufficient incremental benefits to outweigh the costs to consumers.

The Division supports the preferable draft rule proposed by the AEMC that proposes to apply a DMIA to TNSPs, including the AER requirements for such a scheme as outlined in the draft rule Draft Determination.

The Division also supports the proposed timeline of 31 March 2021 for development and publishing of the DMIA mechanism by the AER. Development of the mechanism within this timeframe should be achievable given the previous experience of the AER in developing a similar mechanism for DNSPs. The Division also expects the AER, in developing the mechanism, to limit the funding available for proposals under the DMIA using a similar formula as applies in the DNSP DMIA mechanism.



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Should you require any further information or have any questions, please contact Rebecca Knights - Rebecca.Knights@sa.gov.au or (08) 8429 3185.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Vince Duffy".

**VINCE DUFFY
EXECUTIVE DIRECTOR,
ENERGY AND TECHNICAL REGULATION
DEPARTMENT FOR ENERGY AND MINING**

14 /10/2019

