

24 April 2025

Ms Anna Collyer
Chair
Australian Energy Markets Commission (AEMC)
Level 15, 60 Castlereagh Street
Sydney NSW 2000

Dear Ms Collyer

Review of Wholesale Demand Response Mechanism Consultation Paper

Endeavour Energy appreciates the opportunity to provide feedback to the AEMC's Consultation Paper on the Review of the Wholesale Demand Response Mechanism (WDRM)¹.

The way electricity is being delivered and consumed is undergoing rapid transformation. The seismic shift in renewable energy technology is driving change, creating new opportunities and challenges. We're working towards a smarter, more flexible and integrated modern grid that will allow us to adapt to evolving customer needs, while maintaining a safe and reliable network. This includes the provision of system services, for example, we have arrangements in place to provide Reliability and Emergency Response Trader (RERT) services to the Australian Energy Market Operator (AEMO) using an innovative demand and voltage management technology.²

We are actively working on adapting this demand and voltage management technology for use in the WDRM, applying a proven technology to the provision of demand reduction in response to high wholesale prices.

Endeavour Energy's participation in the WDRM using network assets and a demand and voltage management technology to provide WDRM services would be an efficient and low-cost solution that promotes the long-term interest of consumers as it:

- promotes the utilisation of existing spare network capacity and subsequent capacity;
- supports wholesale market flexibility by bolstering the small number of current Demand Response Service Providers (DRSPs);
- enhances system security by providing a transparent option that can be deployed by AEMO before Lack of Reserve measures are required; and
- delivers clear financial benefits to consumers both by placing downwards pressure on wholesale electricity prices through increased demand response at times of high spot prices, and by reducing

¹ AEMC, *Review of the Wholesale Demand Response Mechanism—Consultation paper*, 13 March 2025.

² We note the class ring-fencing waiver from the AER that permitted distribution networks to provide RERT services to AEMO recently expired on 15 April 2025. We are awaiting the AER's decision on whether to extend this waiver. AER, Consultation paper – RERT class waiver, 2024: [Consultation paper | AER](#)

network prices, with Endeavour Energy sharing a portion of the WDRM revenue it earns as a rebate on network prices via the AER's Shared Asset Guideline.³

If other distribution networks also choose to use voltage management to participate in WDRM, similar to how other distribution networks have used voltage management to provide RERT services to AEMO, then these benefits would be multiplied.

The Wholesale Demand Response Mechanism should be continued and not phased out

The AEMC is seeking stakeholder feedback on whether the WDRM should be changed, remain as is or be phased out. We **support the continuation of the WDRM**, with some changes discussed below, because:

- while uptake of the WDRM was initially slow, it is growing. The AEMC notes that by December 2025 there is expected to be 169 MW of registered capacity;
- most of the current WDRM capacity is in NSW and the inclusion of Endeavour Energy's participation would further enhance this NSW capacity. Accordingly, the WDRM is a useful and important source of demand response in NSW. The NSW grid is undergoing an unprecedented energy transition with the transition from thermal generation to renewables, and demand response has an important role to play in supporting a stable and secure grid;
- while the AEMC has recently made final rules on two other two-sided market reforms which are discussed in the Consultation Paper, these reforms are new and uptake via these mechanisms is currently uncertain; and
- even with the two new two-sided market mechanisms, the WDRM will remain the only two-sided mechanism to access the wholesale market that rewards and facilitates "demand turn down services" in a way that provides visibility of that demand response to AEMO. The other ways wholesale demand response occurs in the market is either as scheduled load or via responding to wholesale prices via spot exposure outside any mechanism participation, which means that demand response is not directly visible to AEMO.

Accordingly, even if the AEMC were minded to phase out the WDRM, we consider that now is not the time to make that decision while the success (or otherwise) of the suite of other two-sided market mechanisms remains uncertain.

Our (and other) demand response approaches could be facilitated into the WDRM through pragmatic changes to the WDRM rules framework

The WDRM was designed for behind-the-meter demand response from large commercial and industrial (C&I) consumers. The current rules are not flexible enough to accommodate demand response using network assets, however, the rules could be made to accommodate and appeal to a wider set of demand management technologies with some pragmatic changes. We propose AEMO be given more flexibility under the rules to approve alternative approaches and technologies, subject to a set of principles the AEMC could stipulate in the rules. The principles could be based on considerations such as accuracy of demand response measurement, system security and practicality.

The rules could permit AEMO to develop alternative arrangements via guidelines that enable distribution networks to use network assets and voltage management approaches to provide WDRM services. This approach would both facilitate wider participation in the WDRM and standardise the arrangements, creating efficiencies should other distribution networks seek to provide WDRM services. If further additional types of demand response not contemplated by the current WDRM framework were to emerge, AEMO could similarly expand the guidelines upon request to enable this additional participation.

Endeavour Energy has agreed arrangements with AEMO for the provision of RERT using our voltage and demand management approach. We have commenced preliminary discussions with AEMO on whether

³ AER, *Better regulation—Shared asset guideline*, November 2013: [Final decision | AER](#)

similar arrangements to RERT, such as for the measurement of demand response, might be workable in using our voltage and demand management approach to provide WDRM services.

We will submit a more detailed response to the AEMC's Consultation Paper next week

We are pleased to present our submission to the AEMC for its consideration and would appreciate the opportunity to discuss our submission with AEMC staff.

In addition to this response, which we have submitted by the AEMC's due date of 24 April 2025, we are also preparing a supplementary appendix which will provide a response to the specific questions raised in the AEMC's Consultation Paper. We intend to submit this next week (given the Easter period and brevity of the consultation period).

To discuss our submission further, please contact Patrick Duffy, Manager Regulatory Transformation & Policy via email at Patrick.Duffy@endeavourenergy.com.au.

Yours sincerely



Emma Ringland
Head of Regulation and Investments

AEMC note: Appendices A and B to this submission contain confidential information, which have been omitted for the purposes of section 24 of the Australian Energy Market Commission Establishment Act 2004 (SA) and sections 31 and 48 of the National Electricity Law.