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Australian Energy Market Commission
Level 15
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Review of the Wholesale Demand Response Mechanism

Origin Energy Limited (Origin) welcomes the opportunity to provide feedback to the Australian Energy Market Commission (AEMC) on its Consultation Paper as part of the *Review of the Wholesale Demand Response Mechanism* (the WDRM). This Review is timely, as comprehensive reforms are in progress to better integrate the demand-side into the National Electricity Market (NEM).

The WDRM, which commenced in 2021, enables eligible electricity users to actively participate in central dispatch and be remunerated for providing demand response compared to a baseline level of consumption. By allowing customers to offer demand response independently (or through third parties), they no longer need to rely on products offered by retailers. The resulting competition was envisaged to drive product innovation and generate growth in demand response.

However, actual demand-side participation through the WDRM has proven to be well below the levels envisaged at the time of the enabling Rule change.¹ While there are likely several reasons for this, difficulties in establishing baseline estimates of counterfactual levels of consumption are likely to have been a barrier to participation.

Despite the lack of participation in the WDRM, product innovation and growth in demand response has continued through retailer offerings. While not participating in the WDRM, Origin has continued to develop demand-side products and offers its business customers a range of commercial demand response products that can be tailored to accommodate their operations and energy consumption flexibility.²

The WDRM was considered to be the first step in the evolution of a two-sided market in the NEM. Recent two-sided market focused reforms have now progressed to such a point that, once implemented, parties with responsive demand will be able to more easily participate directly in dispatch rather than through a mechanism with baselines. In particular:

- the *Unlocking CER Benefits Through Flexible Trading Rule* will enable energy service providers for small and large customers to be able to separate and manage flexible CER from passive loads by establishing secondary settlement points in the energy market, and
- the *Integrating Price Responsive Resources into the NEM Rule* provides a framework for currently unscheduled price-responsive resources to be scheduled and dispatched in the NEM, in the aggregate or individually. It will enable flexible large loads and other price-responsive small resources to compete with large-scale generators and storage in the wholesale market.

In addition, the *National Electricity Market Wholesale Market Settings Review* (NEM Review) is examining the integration of demand-side into the NEM.

Collectively, these reforms will likely reduce the additionality of the WDRM, and potentially make it redundant. Accordingly, there is a strong case for it to be phased out. However, before making any decision in this context, the AEMC should consider the findings and recommendations of the NEM Review.

¹ AEMC 2025, Consultation Paper: Review of the Wholesale Demand Response Mechanism, p. i.

² See [Demand Response - Origin Energy](#)

If you wish to discuss any aspect of this submission further, please contact Steve Williams at steve.williams@originenergy.com.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S Derby'.

Sarah-Jane Derby
Group Manager, Regulatory Policy