

**SUBMISSION TO THE
AUSTRALIAN ENERGY MARKET COMMISSION**

**CONSULTATION PAPER –
INCENTIVES TO PURSUE EFFICIENT DEMAND MANAGEMENT
AND EMBEDDED GENERATION CONNECTIONS**

**This submission is made in response to a
consultation paper issued by the Australian Energy Market Commission
on incentives for distribution businesses to pursue efficient demand
management and embedded generation connections.**

Part A - Introduction

The City of Sydney welcomes the opportunity to make a submission to the Australian Energy Market Commission (AEMC) in relation to rule change proposals submitted by the Total Environment Centre and the Standing Council on Energy and Resources.

The rule change proposals relate to the demand management and embedded generator connection incentive schemes (DMEGCIS) administered by the Australian Energy Regulator (AER) in each region of the National Electricity Market (NEM).

The intent of the rule change proposals is to increase the uptake of existing incentive schemes and make the DMEGCIS more effective in promoting non-network alternatives in place of network augmentation and replacement.

The rule change requests follow on recommendations made by AEMC in its landmark Power of Choice review.

The Total Environment Centre has proposed a "reformed DMEGCIS" that will help to incentivise distribution businesses to undertake demand management projects as an alternative to building new network infrastructure.

The Standing Council on Energy and Resources (formerly the Ministerial Council on Energy) has proposed a more appropriate level of financial return to distribution businesses to incentivise efficient demand management and embedded generator connection projects, as well as to improve clarity and certainty.

About DMEGCIS

Note: For the purpose of this submission, the term "demand management" includes embedded generator connections.

DMEGCIS operates in all regions of the NEM. A key objective of the scheme is to help grow industry knowledge of practical demand management projects and programs through the annual publication of reports from distribution businesses.

The level of funds involved is quite limited (between \$100,000 and \$1 million a year to each distributor, compared to annual revenues measured in billions of dollars a year).

The scheme has two parts. Part A is an innovation allowance that provides funding to distribution businesses to trial innovative demand management and embedded generation connections schemes. Part A currently operates on a “pass through” basis – distribution cannot charge a mark-up on the cost of undertaking approved activities.

Part B is a payment to address the impacts of efficient demand management on a distribution business’s future revenue stream (that is, the business may lose out on revenue that it might otherwise receive because it has undertaken approved demand management activities under Part A).

Part B – Relevant issues identified by the City

1. The City has repeatedly argued for stronger action on demand management to mitigate unnecessary growth in electricity network infrastructure

The City of Sydney made an extensive submission to AER on its proposed determination of NSW electricity network expenditure for the five year period from July 2010 to June 2015.

In that submission, the City forecast huge increases in electricity network charges and electricity bills unless major changes to the electricity supply system occurred.

The submission took into account the 2010 report, *Close to Home: Potential benefits of decentralised energy for NSW electricity consumers*. Prepared by the Institute for Sustainable Futures, this estimated that the City’s plans to supply 70 per cent of electricity from a network of trigeneration plants could potentially avoid well over \$1 billion in electricity generation and network investment by 2030.

History has shown that the City’s forecast of increased charges to be correct.

Following the huge increases that have occurred, there have been several high profile reviews of the electricity supply system, which have started to lead to some reform of the National Electricity Market. However, further policy and regulatory changes are needed to take full advantage of the opportunities that decentralised energy provides.

2. The scope of reform of demand management incentives ought to extend to interaction between transmission business and distribution businesses

Some of the most important examples of the potential for demand management identified in recent times have been based on active collaboration and sharing of demand management benefits between distribution businesses and transmission businesses. An important example is the positive and ambitious scheme laid out in Transgrid’s recent proposal for Powering Sydney’s Future.

Limiting the scope of the DMEGCIS review to distribution businesses means that the benefits (in terms of reduced infrastructure spend) of active and sustained cooperation between interlinked components of the electricity supply system may be overlooked.

More account should be taken of the ability for coordinated action to strengthen demand management benefits, both in terms of system cost and total societal benefits.

Improving coordination in demand management

There is a converse argument to the need for active collaboration between different parts of the electricity supply system to improve overall efficiency. What is efficient demand management for one part of the electricity supply system may not be efficient demand management for another part of the system.

As the AEMC consultation paper itself notes (page 4): “Demand management on distribution networks may have spill over benefits for other parts of the electricity supply chain which distribution businesses may not consider when making investment decisions.”

To achieve optimal demand management, the interconnection between electric supply elements at a more specific level than distribution-business-wide needs more attention.

3. Mandatory provisions for innovative demand management should be considered

As a general point, the electricity supply industry is moving into an age of much more rapid change than in the past and there needs to be more encouragement for potentially productive innovation on the part of network businesses, so that they can manage emerging challenges more effectively.

As the AEMC’s consultation paper itself shows, the level of uptake of incentives for innovation via demand management has been quite disappointing. This is no doubt due in part to the relatively small scale of funding, a million dollars a year at most, compared to revenue measured in billions of dollars a year.

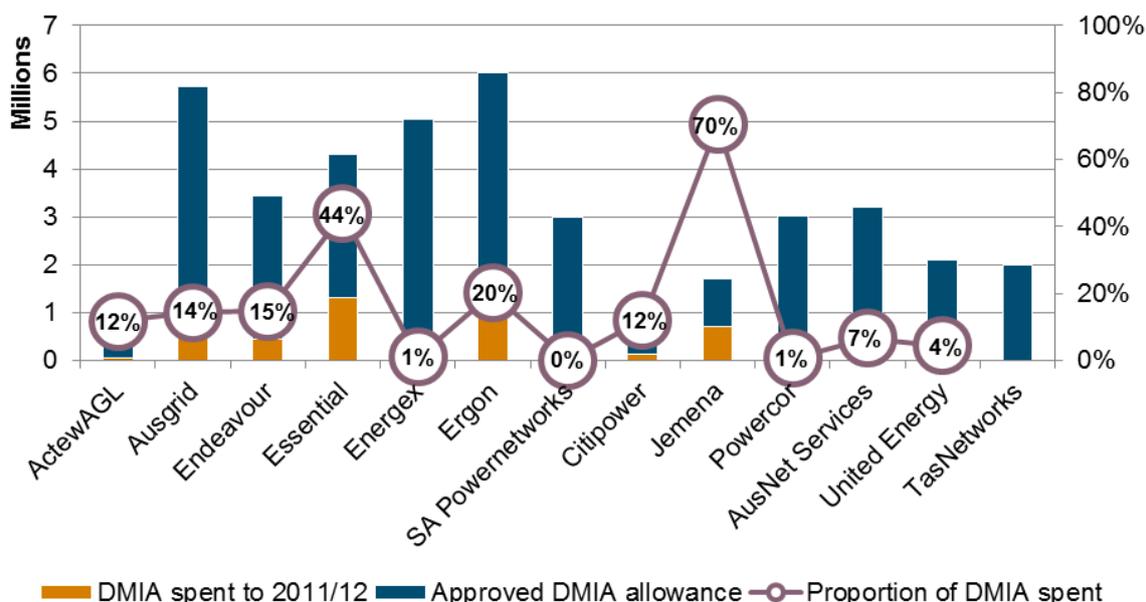


DIAGRAM: SPENDING ON DEMAND MANAGEMENT AGAINST REGULATORY ALLOWANCE
SOURCE: AUSTRALIAN ENERGY MARKET COMMISSION CONSULTATION PAPER

However, it is not simply a question of the quantum of funds. Some of the distribution businesses that have received the largest allowances have had very low uptakes, according to AEMC's figures. Also, some of the businesses with very low uptakes have been active participants in other demand management programs (for example, the Queensland distributors), suggesting that scheme design may be an issue, not just quantity of funding.

To encourage stronger uptake, a level of mandatory provision for innovation on the part of network businesses should be considered.

In this context, consideration should be given as to how innovation allowances have been applied in other countries. For example, the network innovation allowance developed by Ofgem in the UK is accompanied by requirements that networks must involve themselves in innovation and publicly report on the outcomes of innovation.

The UK innovation allowance is intended to fund certain research, development, and demonstration projects that can be speculative in nature and yield uncertain commercial returns and which shareholders may otherwise be unwilling to fund.

A similar approach should be considered in Australia.

As well, consideration should be given to setting targets for demand management (or indeed for innovation more generally) in each regulatory period. This is comparable to the process adopted in Queensland as part of the former Queensland Energy Management Plan, which set a target for reducing demand growth by 1,000 MW (about ten per cent of peak state-wide demand) over a period of less than ten years.

The setting of targets could be done by some combination of AER, AEMO and AEMC. Alternatively, it might involve wider consultation, for example, with the Standing Council on Energy and Resources.

There would be an advantage in the regulator (AER) taking a lead role in the setting of targets, particularly since AER sits in judgement as to what level of spend on DMECGIS is warranted in each market region.

AER could also foster greater collaboration between network businesses by requiring them to work together to innovate in areas of shared interest. A good example at the current times would be the use of substation-based storage, with multiple network businesses testing their benefits at both distribution and transmission level. Would it perhaps be better to have a more co-ordinated and intensive program of testing in particular network businesses, with the results shared throughout the network sector?

In this sense, the City sees a potential broadening in the role of AER (or a combination of AER and AEMO) to foster innovation, by identifying areas of high innovation potential and seeking proposals from network businesses, not simply sitting in judgement on proposals emanating from network businesses.

Finally, co-investment by other agencies can provide strong incentive for demand management to flourish. For example, at the same time that the Queensland Energy Management Plan was in place, there was also funding on offer from the Queensland Office of Clean Energy to encourage distribution businesses to incentivise demand management initiatives in areas of the state that were anticipating rapid growth in peak demand. In some cases, funding was also available from federal government agencies to encourage energy conservation and demand management.

In combination, the mix of targets and incentives led to a significant level of investment in productive demand management projects and contributed both to increased confidence in the efficacy of demand knowledge and also to stronger industry knowledge as to the costs and benefits of a range of demand management strategies.

4. The test of “efficiency” applied to demand management measures should be more broadly defined

The narrowly-defined test of whether demand management measures are efficient ignores broader consideration of social, environmental and economic factors.

The current test of efficiency focuses on lowest total system cost. This is not necessarily the best test in terms of the long-term interest of electricity consumers.

In the City’s view, networks must give consideration to the importance of being energy efficient, both from the point of view of economic efficiency and of environmental sustainability.

Some *efficient* demand management measures may not be particularly desirable, even if they are economically efficient in the short term.

For examples, incentives to use off-peak energy sourced from old, inefficient coal fired power stations rely on the lack of emission charges and the legacy transmission network for their economic appeal. On the consumption side, old-style off-peak storage boilers are favoured, as is off-peak chilled water combined with storage.

Would it not be better to encourage newer, more energy-efficient appliances and building systems?

The test of efficiency should also take into account the value of achieving an orderly transition to the electricity networks of the future, when there is less large-scale transmission-based generation and more locally-based (embedded) generation.

Maintaining high utilisation of the local network is important to preventing widespread grid defection. This proactive approach to managing the transition to a system with high contributions from local energy will help networks, not just producers and consumers of local energy.

To further this transition, the City will be proposing an appropriate rule change to the AEMC in the near future.

5. DMEGCIS should be considered as one among a number of policy and regulatory measures to foster demand management

Whether in its current form or as a “reformed DMEGCIS”, this scheme is unlikely on its own to be sufficient to optimise the level of demand management in the electricity supply system.

Nonetheless, it is essential that there should be regulatory incentives that are aligned with long-term goals of energy efficiency and sustainability. This is particularly true when it is considered just how heavily weighted current rules are in favour of remote large scale generation plants sending energy to largely metropolitan consumers over large and complex bulk supply networks.

Hence, it is important that DMEGCIS should be retained, strengthened and supported with other measures.

Additional regulatory measures are also required to facilitate local (embedded) generation.

The City has identified three main barriers to local generation under the current rules:

- Network tariffs have traditionally ignored the reduced network usage associated with local generation or the substantial future benefits for electricity consumers that will accrue from local generation.
- The costs of being an authorised retailer are substantial when compared to the scale of most local generators. Customers for local electricity end up paying more than they should, making local electricity less competitive.
- The cost of connecting to an electricity network can be very expensive for many local generators; the time taken to have connections approved is too long; and there is lack of certainty as to whether an application to connect or to export will be approved.

Changes to network tariffs are essential. The introduction of benefit-reflective network tariffs could be expected to slow investment in both transmission and sub-transmission networks, with their very high associated capital costs.

In 2014, the City and the Total Environment Centre commissioned a report on the level of network benefits from local electricity generation and consumption.

Identified options include a credit payable to local generators. This would be based on the fact that local generators make more limited use of network infrastructure and because local generators can help mitigate peak demand events.

A suitably worded rule change for a local generation network credit has been commissioned by the City. This would require each electricity distribution network to consider an economically appropriate credit for local generation on a mandatory basis.

The rule change request will be presented to the AEMC following further consultation with internal and external stakeholders.

C – Issues identified in the AEMC consultation paper

1. Issues that the proposed rule change is seeking to address

Issue 1.1

Having regard to current and potential future market conditions, and in light of recent changes to the regulatory framework for distribution businesses, is there a gap in the current framework which may be discouraging distribution businesses from pursuing demand management projects as an efficient alternative to network investment?

There are a wide variety of factors in the historic and current-day electricity supply environment that have contributed to a low level of uptake of demand management projects:

- *A pre-occupation with short term perspectives*

Due to recent trends in electricity consumption, there is no immediate crisis in peak demand in most areas, therefore, the need for demand management is being treated with less priority. Unfortunately, the regulatory set for individual network businesses runs for five years, discouraging a longer-term outlook.

In this regard, the City considers that the principles behind Transgrid's Powering Sydney's Future initiative are sound, and that Transgrid should have been rewarded for its willingness to work with the local generation community and others to foster non-network alternatives in the medium term future (not just the immediate regulatory period). It should not be penalised through the proposed reduction of demand management funds contained in the AER's draft determination published late last year.

- *The impact of revising forecasts downwards*

This is largely a phenomenon of the past five years. During this time, there have been very few examples of the regulatory test for investment resulting in avoided infrastructure investment on account of a non-network alternatives being preferable.

Mostly, there has been no investment (past forecasts were far too optimistic). Or, a network solution has prevailed (because the time horizon over which a demand management alternative would apply has been too long to find favour with a network business).

- *A preference for deferring costs to the medium and longer term*

At the current time, there appears to be a preoccupation with focusing on short term deferral benefits in specific locations, rather than considering broad-based demand management benefits. This means the opportunities for a more long-term approach to based demand management are being curtailed.

- *The pass thru approach*

There is a lack of financial incentive for distribution businesses to undertake non-network alternatives, compared to investment in infrastructure which yields long-term ongoing revenue.

- *Split incentives for different businesses*

There is a lack of recognition of whole of system benefits, and there is a particular disconnect between retailer and network rewards.

- *Persistence of traditional risk-avoidance-focused engineering solutions*

Demand management can involve technology based solutions, but it also involves changes in household and commercial routines.

- *Difficulties in connecting local (embedded) generators*

Current tariff structures and the complexities of connection discourage local generator connections, despite the demand management benefits.

Issue 1.2

If a gap does exist, where does it lie? Is it a product of the provisions in the NER or a result of the current design of the DMEGCIS applied by the AER?

Whether in its current form or a “reformed DMEGCIS”, this scheme is unlikely on its own to be sufficient to optimise the level of demand management in the electricity supply system. This is acknowledged by AEMC in its consultation paper.

Nonetheless, it is essential that there should be regulatory incentives that are aligned with long term goals of energy efficiency and sustainability. This is particularly true when it is considered just how heavily weighted current rules are in favour of remote large scale generation plants sending energy to largely metropolitan consumers over large and complex bulk supply networks.

There is a range of issues that are together contributing to lack of uptake of DMEGCIS (see the City’s response to the previous question).

Additional incentives are needed, both through some redesign of the scheme and certainly a higher cap on demand management expenditure than existed in the past.

As well, the City would argue that the benefits of local generation need much more explicit recognition than is currently the case (hence, the City will shortly propose a rule change).

It is also the case that the level of demand management investment in a period of low growth such as is currently being experienced should not be used as a pretext to drive the level of funding in the DMEGCIS scheme lower than it already is.

2. The proposed DMEGCIS

Issue 2.1 (a)

Having regard to the level of flexibility and discretion afforded to the AER in designing and applying other incentive schemes under Chapter 6 of the NER, is the level of flexibility and discretion currently afforded to the AER in relation to the DMEGCIS appropriate?

To encourage stronger uptake, a level of mandatory provision for innovative demand management on the part of network businesses should be considered.

In this context, it is worth considering how innovation allowances have been applied in other countries. For example, the network innovation allowance developed by Ofgem in the UK is accompanied by requirements that networks must involve themselves in innovation and publicly report on the outcomes of innovation.

A similar approach could be considered in Australia.

As well, consideration should be given to setting targets for demand management (or indeed for innovation more generally) in each regulatory period. This is comparable to the process adopted in Queensland as part of the former Queensland Energy Management Plan.

The setting of targets could be done by some combination of AER, AEMO and AEMC. Alternatively, it might involve wider consultation, for example, with the Standing Council on Energy and Resources.

There would be an advantage in the regulator (AER) taking a lead role in the setting of targets, particularly since AER sits in judgement as to what level of spend on DMECGIS is warranted in each market region.

AER could also foster greater collaboration between network businesses by requiring them to work together to innovate in areas of shared interest. A good example at the current times would be the use of substation-based storage, with multiple network businesses testing their benefits at both distribution and transmission level. Would it perhaps be better to have a more co-ordinated and intensive program of testing in particular network businesses, with the results shared throughout the network sector?

In this sense, the City sees a potentially broadening in the role of AER (or a combination of AER and AEMO) to foster innovation, by identifying areas of high innovation potential and seeking proposals from network businesses, not simply sitting in judgement on proposals emanating from network businesses.

Finally, co-investment by other agencies can provide strong incentive for demand management to flourish.

For example, when the Queensland Energy Management Plan was in place, there was also funding on offer from the Queensland Office of Clean Energy to encourage distribution businesses to incentivise demand management initiatives in areas of the state that were anticipating rapid growth in peak demand. In some case, funding was also available from federal agencies as well.

The City considers that local, state and federal agencies should all foster meaningful demand management and its concomitants – reduced network infrastructure and lowered energy consumption.

Issue 2.1 (b)

If there is benefit in providing more prescription in the NER, is the level proposed by the COAG Energy Council and the TEC in their rule change requests appropriate?

More leadership on the part of AEMC, AER and AEMO is desirable.

This may not simply take the form of a more prescriptive scheme. It could also take the form of a more proactive role by AEMO, AER and others in developing a higher level of demand management in the market.

An outline of the way that this could occur is set out in more detail under the response to issue 2.1(a) above.

Issue 2.2

Having regard to recent changes made by the AEMC to Chapter 5 and 5A of the NER in relation to the arrangements for connecting embedded generators, are additional financial incentives for innovation in the connection of embedded generators through the DMECGIS required?

The City commends AEMC on action that it has taken to improve the connection framework for small and medium embedded generators via the rule change introduced late last year.

However:

- The option of applying for connection under Chapter 5 (“wholesale” connections) is unlikely to be of benefit to most small-scale connection applicants.
- There is still a very marked asymmetry of power in the relationship between connection applicants and electricity networks.
- The reasonableness of connection costs remains a strongly contested issue.

The City considers that:

- Distribution businesses should develop standardised connection package offers to cover major embedded generation classes, such as reciprocating gas engines, medium-scale solar installations, small hydro works etc. The cost of distributors “learning on the job” or bringing network practices up to scratch should be borne by (or at least shared with) distribution networks. If necessary, distribution networks should allocate additional resources to the process and allow for this in the costs of operation for which they seek approval from AER.
- The costs imposed on connection applicants should be constrained. Essentially, costs should not exceed the costs that would be incurred by a network that was appropriately designed and reasonably equipped to meet current and emerging network challenges.
- There should be more streamlined dispute resolution mechanisms for small embedded connection applicants. Electricity customers generally will benefit from networks being more facilitative of embedded generation, because this will be an increasingly important part of the electricity supply system of the future.

3. The demand management innovation allowance

Issue 3.1

Given that the proposed amendments in relation to the innovation allowance are largely reflective of existing AER practice, what additional benefits are likely to be gained by codifying these in the NER?

The City acknowledges that there is a fine balance between the need for discretion and the need for certainty.

What is clear, however, is that innovative demand management needs to be a continuing focus for network businesses even in times of low demand growth. This will allow them to be better prepared for any sudden change in energy consumption patterns in the future.

In the City’s view, consideration should be given to mandating a level of innovative demand management - see the City’s response to issue 2.1(a) above.

Issue 3.2

What impact, if any, will the proposed amendments have on distribution businesses incentives to utilise a greater proportion of their allocated allowances on innovative demand management projects, relative to current practice?

For example, would greater certainty increase the likelihood of distribution businesses participating in this scheme?

The City's view is that the measures in DMEGCIS are necessary but not sufficient. Consideration should be given to setting targets for demand management (or indeed for innovation more generally) in each regulatory period.

There would be an advantage in the regulator (AER) taking a lead role in the setting of targets, particularly since AER sits in judgement as to what level of spend on DMEGCIS is warranted in each market region.

AER could also foster greater collaboration between network businesses, by requiring them to work together on innovative demand management in areas of shared interest.

In this sense, the City sees a potentially broadening in the role of AER (or a combination of AER and AEMO) to foster innovation, by identifying areas of high innovation potential and seeking proposals from network businesses, not simply sitting in judgement on proposals emanating from network businesses.

Other funds must be available to promote innovative demand management, and there must be more compulsion on network business to make innovative demand management into a core business process.

In combination, a mix of targets and incentives can lead to a significant level of investment in productive demand management projects and can contribute to increased confidence in the efficacy of demand management and stronger industry knowledge as to the costs and benefits of different demand management strategies.

Also see the City's response to issue 2.1(a) above.

Issue 3.3

Are the proposed amendments likely to address concerns raised by stakeholders around the size of the innovation allowances allocated by the AER to the distribution businesses (noting that, to date, these amounts have been considered to be modest)?

The City's view is that the measures in the DMEGCIS are necessary but not sufficient.

Other funds must be available to promote demand management that assists in improving energy efficiency and environmental sustainability, and there must be more compulsion on network business to make innovation a core part of their business processes.

Issue 3.4

Given the new DAPR and DSES arrangements are now in place, what additional benefits will the proposed annual reporting requirements deliver to the market?

Is there a risk of duplication in reporting for the distribution businesses?

The City does not have a view on the need for reporting requirements at this time, other than to say that greater focus on the conduct and reporting of innovation initiatives is desirable on the part of network businesses.

Issue 3.5

Should the innovation allowance be a time-limited measure? If so, should the AER be given the flexibility and discretion to determine the appropriate timeframe?

The City is of the view that the DMEGCIS should be an ongoing scheme.

4. The demand management incentive scheme

Issue 4.1

If distribution businesses are able to receive a payment based on a proportion of the market benefits produced by a demand management project, is this likely to increase investment in projects that will deliver broader market benefits that are in the long term interests of consumers?

On balance, it is likely that more investment will occur in demand management projects that will deliver broader market benefits that are in the long term interests of consumers.

The actual scale of market benefits will depend on many factors that impact on the overall appetite for demand management. As noted, it is unlikely that DMEGCIS on its own is likely to produce widespread investment in DM measures.

Accordingly the willingness of governments and others to reinforce measures such as DMEGCIS will be vital.

Issue 4.2

Given that the majority of distribution businesses are expected to be regulated under a revenue cap in the near future, is there value in amending the rules to explicitly require the inclusion of a payment for any foregone revenue resulting from implementing a demand management project approved under the innovation allowance?

Should the AER retain discretion as to whether this component is appropriate?

The move to a revenue cap for network businesses in NSW and elsewhere was in part driven by concern about perverse incentives, in particular, the view that price caps encouraged over-consumption.

Revenue caps are not without their own risks, though.

There is a potential risk of a network company overestimating future demand and proposing to invest in more new assets (whether for replacement or for network augmentation or a combination of both) when preparing a five-year regulatory proposals.

If the business then invests, it gains the benefit of a long-term revenue stream. If the business chooses not to invest (either because future demand was overstated, or because a non-network alternative is selected), the business can nonetheless claim a return on (non) investment for the balance of the regulatory period.

Either way, it would appear, network companies can use the revenue cap to advantage.

It is therefore a moot point as to whether the AER should be able to retain discretion to ensure that demand management investment is not manipulated.

However, that should not mean that AER should seek to exclude innovative demand management expenditure that has evident long term benefit. This does seem to have been

the case in AER's draft determination for the forthcoming regulatory period in regard to Transgrid.

In contrast to AER, the City considers that the proposed expenditure on Powering Sydney's Future in the forthcoming regulatory period is soundly based, and that Transgrid deserves to be rewarded (on a pass through basis, if nothing else) for its willingness to work with local generation proponents and others to reduce the level of (and defer the timing of forward expenditure on network augmentation in the central Sydney supply region.

Issue 4.3

In light of the recent changes to the distribution network pricing arrangements, what are the potential benefits of requiring that the DMEGCIS include tariff based demand management options, in addition to non-tariff based options?

The City considers that tariff based demand management options can be a credible tool for improving energy efficiency and sustainability.

Investment in the design and testing of innovative tariffs has been a feature of other demand management schemes, such as the scheme formerly operate by the Queensland Government in conjunction with the Queensland Energy Management Plan.

Innovative tariffs (such as Ausgrid's residential time of use scheme) have been introduced in the past in the absence of DM incentives.

In the absence of innovation funds via a demand management incentive scheme or otherwise, the level of monitoring and evaluation of such tariffs is likely to be less comprehensive than it might otherwise be.

Also, there is a prospect that information about the impact of tariff innovation will not be placed in the public domain. In this regard, it is quite difficult to obtain figures on the demonstrated impact of introducing a residential time of use tariff in the Ausgrid franchise area on the level of peak demand.

Also, with rewards for tariff innovation, there may be more incentive to investigate innovative models such as critical event pricing.

Again, there is evidence of the value of network price signals being undermined by the market.

Retailers may not favour them and may be unwilling to pass the message implicit in tariff structures on to customers. Accordingly, there is a value in testing innovative ways to ensure that the price signals embedded in tariffs are actually experienced by customers, notwithstanding the desire of retailers to blunt their effect.

As well, the City has identified the current structure of network tariffs as one of the three main barriers to local (embedded) generation in the National Electricity Market:

Network tariffs have traditionally ignored reduced network usage associated with local generation or substantial benefits for electricity consumers in the future due to local generation.

In 2014, the City and the Total Environment Centre commissioned a report on options for calculation of benefits of local electricity generation and consumption.

These options include a credit payable to local generators. This is based on the fact that they make more limited use of network infrastructure and because they contribute to mitigating peak demand events. This is called a local generation network credit (LGNC).

A suitably worded draft rule change has been commissioned, requiring each electricity distribution network to introduce an economically appropriate credit on a mandatory basis.

Part D - Conclusion

The City of Sydney (the City) welcomes the opportunity to make a submission to AEMC as part of its initial consultation process in relation to rule change proposals submitted by the Total Environment Centre (TEC) and the Standing Council on Energy and Resources (SCER) in relation to the demand management and embedded generator connection schemes (DMEGCIS) administered by AER.

The City would welcome the opportunity to discuss this submission further with AEMC, in particular, in relation to the need for additional (and potentially different) incentives for demand management and embedded generation connections, so as to drive the goals of energy efficiency and environmental sustainability further and faster.

Chris Barrett Commercial Manager Green Infrastructure

Chris Derksema, Director Sustainability Strategy

11 March 2015
