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9 July 2015

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

Dear Mr Pierce

*ERC0177 - NATIONAL ELECTRICITY AMENDMENT (DEMAND MANAGEMENT INCENTIVE SCHEME) RULE 2015 – DRAFT RULE DETERMINATION*

Ergon Energy Corporation Limited (Ergon Energy), in its capacity as a Distribution Network Service Provider in Queensland, welcomes the opportunity to provide a submission to the Australian Energy Market Commission (AEMC) on its *National Electricity Amendment (Demand Management Incentive Scheme) Rule 2015 – Draft Rule Determination* (Draft Determination).

Ergon Energy supports the proposed new framework which will create separate provisions in the National Electricity Rules for a demand management incentive scheme (DMIS) and a demand management innovation allowance (DMIA) mechanism, with separate objectives and principles for each. In particular, Ergon Energy is supportive of the DMIS providing for the testing, trial and creation of capabilities that would enable future demand management opportunities or drive demand management efficiencies.

However, Ergon Energy suggests that the DMIA objective and principles could be extended to include the integration of renewable energy systems. It is anticipated that renewable energy systems will drive investment in the network over the coming regulatory control period resulting in higher network costs. Although enabling efficient integration of renewable energy systems is not strictly demand management, a reduction in costs associated with enabling renewable energy can ultimately achieve the objective of reducing network investment in the longer term. It would therefore seem appropriate that an allowance should be provided to encourage further research and development in this field. As such, Ergon Energy suggests it would be prudent to extend the DMIA to include research and innovation in this field.

Should you require additional information or wish to discuss any aspect of this submission, please do not hesitate to contact either myself on (07) 3851 6416 or Trudy Fraser on (07) 3851 6787.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J. Doyle', with a long horizontal flourish extending to the right.

Jenny Doyle  
Group Manager Regulatory Affairs

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