

Veronika Nemes
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Submitted by online to <http://www.aemc.gov.au/Rule-Changes/Demand-Response-Mechanism#>

13 October 2016

Demand Response Mechanism and Ancillary Services Unbundling REF: ERC0186

The Australian Energy Council (the Energy Council) welcomes the opportunity to make a submission to the Australian Energy Market Commission (AEMC) on the Demand Response Mechanism and Ancillary Services Unbundling rule change.

The Energy Council is the industry body representing 21 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia and sell gas and electricity to over 10 million homes and businesses.

Demand management should be an option to all energy consumers through open and competitive markets. The Energy Council welcomes the AEMC's finding that there are no barriers to demand response. The Energy Council is supportive of improved market signals however, we do not believe that a robust case was put forward to demonstrate that the current market settings fail to deliver an efficient demand response. The emergence of products and services in the current market to assist energy users to manage their energy is evidence that the market is driving innovation and that further regulation is unnecessary. The Council supports the AEMC's decision not to make this rule.

In relation to ancillary services, Australia's energy market is transforming and consumer choice is driving this evolution. Energy market reform, innovation in technology and service delivery have made it easier for business and households to change the way they use electricity. In this time of structural change, we welcome the AEMC's finding to allow existing market structures and consumer choice to shape the most efficient outcome for consumers by changing the rules to enhance competition in ancillary services. This is especially important as the structural changes which are underway are likely to lead to a larger portion of the value in the market being involved in ancillary services.

Any questions about our submission should be addressed to Emma Richardson, Policy Adviser by email to emma.richardson@energycouncil.com.au or by telephone on (03) 9205 3103.

Yours sincerely,



Sarah McNamara
General Manager, Corporate Affairs
Australian Energy Council