

13 October 2016

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



positive energy

Dear Mr Pierce

Draft Rule Determination: National Electricity Amendment (Demand Response Mechanism and Ancillary Services Unbundling) Rule 2016 (ERC0186)

Energex Limited (Energex) welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC's) draft rule determination on the Council of Australian Governments (COAG) Energy Council's demand response mechanism and ancillary services unbundling rule change request.

Energex is generally supportive of the proposed preferential rule change which will provide for the creation of a new type of market participant, the Market Ancillary Service Provider, and unbundle the provision of ancillary services from the provision of electricity in order to facilitate a more competitive ancillary services market.

As a member of the Energy Networks Association (ENA), Energex supports the views expressed in the ENA's submission on the draft determination and rule. Energex shares the ENA's concern that synchronised demand response switching may have adverse impacts on system stability and reliability and is therefore supportive of its recommendations for the final rule to include requirements for:

- the Australian Energy Market Operator (AEMO) to consult with Network Service Providers prior to approving applications for aggregated load; and
- the development of an appropriate load management protocol and/or switching agreements with Market Ancillary Service Providers.

In Energex's view, these measures are necessary to minimise the potential for power quality issues caused by synchronised switching of network loads and thereby alleviate any need for network augmentation to address those issues.

Should you have any queries regarding this submission, please do not hesitate to contact Ms Leigh Henderson, Acting Network Regulation Manager, on (07) 3664 4118.

Yours sincerely

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