

13 March 2009

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## **ENA RESPONSE TO AEMC DRAFT RULE DETERMINATION**

### **NATIONAL ELECTRICITY AMENDMENT (DEMAND MANAGEMENT) JANUARY 2009- Reference ERC0047**

The Energy Networks Association (ENA) appreciates this opportunity to respond to the Australian Energy Market Commission (AEMC) Draft Rule Determination in response to the Total Environment Centre Inc (TEC) proposals relating to demand management.

ENA is the peak national body for Australia's energy networks. ENA represents gas distribution and electricity network businesses on economic, technical and safety regulation and national energy policy issues.

Energy network businesses deliver electricity and gas to over 13 million customer connections across Australia through approximately 800,000 kilometres of electricity distribution lines. There are also 76,000 kilometres of gas distribution pipelines. These distribution networks are valued at more than \$40 billion and each year energy network businesses undertake investment of more than \$5 billion in distribution network operation, reinforcement, expansions and greenfields extensions. Electricity transmission network owners operate over 42,000 km of high voltage transmission lines, with a value of \$10 billion and undertake \$1.2 billion in investment each year.

ENA realises that the AEMC draft Rule largely concerns Transmission Network Service Providers (TNSP), however, the outcome of this Draft Rule Determination may have implications for Distribution Network Service Providers (DNSP) in future.

Overall, ENA is supportive of measures that enhance the integration of demand management into mainstream energy supply and planning, subject to the requirements of the National Electricity Objective. This includes the introduction of effective and practical demand management incentives for DNSPs.

ENA notes that the AEMC response to the TEC proposals which, with the exception of three of the nine proposals, either rejects them or passes consideration to other AEMC processes such as its "Demand Side Participation Review".

In particular, ENA welcomes the AEMC's rejection of the TEC proposals seeking to correct perceived biases in the National Electricity Rules (NER) against demand management through the incorporation of preferences for non-network options. As stated in its submission to the AEMC on this matter in February 2008, ENA supports a balanced policy approach to network demand management. This would lead to a regulatory framework that places demand management on an equal footing with established infrastructure-based approaches in the provision of energy supplies.

In terms of the three AEMC Draft Rule Change Proposals, ENA is particularly concerned with the proposal to require TNSPs to provide additional information regarding the characteristics of specified constraints and the provision of information to the Australian Energy Regulator to demonstrate TNSPs have made provisions for efficient non-network alternative. As stated in its submission on this matter to the AEMC in February 2008, ENA believes that it is critically important that planning requirements do not impose costs that are disproportionate to the benefits. ENA is not convinced that the requirements of the AEMC draft ruling will not impose unwarranted costs on network service providers.

For a more detailed response to the three AEMC proposed Draft Rule Changes ENA refers the AEMC to the Grid Australia response.

Should you require clarification of this ENA response please do not hesitate to contact

Yours sincerely



Andrew Blyth  
**Chief Executive**