

9 October 2014

Mr John Pierce
Chairman
Australian Energy Market Commission,
PO Box A2449,
Sydney South NSW 1235

**National Electricity Amendment (improving demand side participation
information provided to AEMO by registered participants) Rule 2014:
Consultation paper**

Dear Mr Pierce

The Energy Networks Association (ENA) is the national industry association representing the businesses operating Australia's electricity transmission and distribution and gas distribution networks. Member businesses provide energy to virtually every household and business in Australia. ENA members own assets valued at over \$100 billion in energy network infrastructure.

ENA welcomes the opportunity to make a brief submission to the AEMC consultation paper in relation to the provision and utilisation of demand side participation (DSP) information in the National Electricity Market (NEM).

The rule change request originated from the AEMC Power of Choice review. Its objective was to better enable AEMO to perform its responsibilities with respect to electricity demand forecasting and therefore potentially enhance the quality of decision making which is informed by those forecasts.

ENA supports the intention behind this initiative to improve AEMO's ability to undertake its demand forecasting responsibilities, but considers that the detail required to ensure a meaningful assessment of the cost versus the benefit of the proposal requires further consideration.

ENA has previously suggested that the AEMC might reconsider the coordination of Power of Choice related rule change proposals, to ensure appropriate prioritisation and sequencing of related issues. Such coordination is particularly important in relation to rule change proposals related to pricing reform, metering, but also in relation to demand side participation and distributed energy resources.

For this reason, ENA suggests the timing of the current rule change process should be reconsidered to reflect the status of related initiatives which may provide a better framework to inform the current proposal. The AEMC rule change relating to the Demand Management and Embedded Generation Incentive Scheme (DM&EGIS) is one of the most significant factors influencing Demand Side Participation and it has been substantially delayed. This policy proposal is explicitly focused upon encouraging further DSP activity. Further, networks are currently implementing Distribution Annual Planning Reports to identify and encourage applications to provide DSP solutions to network constraints. These planning reports also include information on generation capacity of known embedded generation units, although their actual operation is not known unless they contract for network support.

The proposed scope of DSP information sought by the proposed rule change will significantly impact upon its cost and delivery value. For example, the variability and scale of individual small customer responses with air conditioner or pool pump loads would be difficult and costly to provide in detail,



whereas more predictable large customer contracted demand response would be more reliable, meaningful and easier to provide. ENA considers that the proposed scale of information provision obligation will need better definition to enable appropriate assessment of the proposal.

The proposed rule change process should focus upon collation and assessment of information currently available and provide an opportunity for recent new initiatives improving availability and access to DSP initiatives reasonable opportunity to demonstrate their impact.

ENA would support review and consideration of the proposed rule change, including greater definition of its scale and application, after the proposed DM&EGIS framework is substantially clearer and when the effectiveness of enhanced planning report requirements can be more evaluated.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Bradley', is positioned above the typed name.

John Bradley
Chief Executive Officer