



26 July 2011

Zaen Khan  
Australian Energy Market Commission  
PO Box A2449  
SOUTH SYDNEY NSW 1235

Dear Mr Khan

**Rule change request to amend the Demand Management Incentive Scheme (DMIS)  
ERC0128**

Origin Energy Limited (Origin) welcomes the opportunity to respond to the Ministerial Council on Energy's (MCE) Rule change request to amend the DMIS.

Origin is the owner of Cogent Energy (Cogent), a leading distributed generation company. Our subsequent comments are based on our experience through Cogent in the provision of co- and tri-generation plants.

The Rule change proposal

Origin is supportive of the MCE's proposal to expand the DMIS to explicitly include the connection of embedded generation. This should help facilitate the timely and efficient connection of embedded generators, ensuring a greater level of demand management in the national electricity market.

Inclusion in the DMIS is likely to provide greater incentive for Distribution Network Service Providers (DNSPs) to explore more innovative options when connecting embedded generators. Whilst this is a welcome improvement to the current connections framework, this in itself may not be sufficient to counter some of the difficulties encountered by embedded generators. In particular, the inherent imbalance in connection negotiations, as a result of the degree of latitude DNSPs have over the technical standards specifications, often proves challenging for prospective generators.

It will be important that funding under the DMIS is sufficient to provide enough of an incentive for DNSPs to investigate the optimal connection solution.

If you wish to discuss any of these issues further please do not hesitate to contact me on (02) 8345 5250 or Steve Reid on (02) 8345 5132.

Yours Sincerely,

A handwritten signature in black ink, appearing to read "Tim O'Grady".

**Tim O'Grady**  
**Head of Public Policy**