

12 September 2019

Mr John Pierce AO  
Chair  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Electronic Submission: ERC 0247

Attention: Declan Kelly

## Wholesale demand response mechanism – Draft Rule Determination

Dear Mr Pierce,

Energy Networks Australia welcomes the opportunity to provide a submission to the Australian Energy Market Commission (AEMC) on the Wholesale Demand Response Mechanism (WDRM).

Energy Networks Australia is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

### *Support the rule change*

Energy Networks Australia broadly supports the WDRM rule change as it will allow greater flexibility in the market to reduce costs for customers. We also welcome further clarification of the roles and responsibilities of new market participants, namely Demand Response Service Providers (DRSPs) and further input into the development of the process.

### *Points to consider*

Whilst we generally welcome the rule change, Energy Networks Australia believes that there are certain practical implementation issues that can be avoided/mitigated when this rule change takes effect.

The main issue we see is that a possible lack of coordination between the DRSP and the local Distribution Network Service Provider (DNSP) may cause adverse consequences to customers and other market participants in the following scenarios;

1. If substantial amounts of Demand Response (DR) are switched in a very short period of time in localised areas, for instance a demand response event triggered when pool price hits a certain threshold, then it may cause local network disturbances which will adversely affect the remaining customers;

2. If the local DNSP has separate DR arrangements with large commercial customers, then there is a possibility of “double-counting” expected DR leading to a shortfall of supply.

If the DRSP contracts the same DR resource to both the DNSP and the Wholesale Market, there may be a risk of “double counting” in forecasting or risks of over-committing a single DR asset/provider; and

3. All events activated through this mechanism should be recorded and accessible to the relevant DNSP. This is to ensure that forecasting activities account for these events and are based on accurate historical data.

A majority of these issues can be resolved simply by notifying the relevant DNSP of each NMI scheduled to be dispatched through the mechanism along with event durations.

This ensures demand response can be coordinated and that the risk of negative impacts on customers in the wider network are minimised.

Should you have any queries on this response please feel free to contact Dor Son Tan, [dstan@energynetworks.com.au](mailto:dstan@energynetworks.com.au).

Yours sincerely,



Andrew Dillon  
Chief Executive Officer