



Australian Energy Market Commission

CONSULTATION PAPER

National Electricity Amendment (Implementation of Demand Management Incentive Scheme) Rule 2018

Rule Proponent

Australian Energy Regulator

20 February 2018

RULE
CHANGE

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Reference: ERC0230

Citation

AEMC 2018, Implementation of Demand Management Incentive Scheme, Consultation Paper, 20 February 2018, Sydney

About the AEMC

The AEMC reports to the Council of Australian Governments (COAG) through the COAG Energy Council. We have two functions. We make and amend the national electricity, gas and energy retail rules and conduct independent reviews for the COAG Energy Council.

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Contents

1	The rule change request.....	4
1.1	Introduction	4
1.2	Background.....	4
1.3	Issue raised in the rule change request	5
1.4	The proposed rule	6
2	Potential alternative drafting.....	8
2.1	Differences between the AER’s proposed rule and potential alternative drafting	8
3	Assessment framework and legal tests	10
3.1	Achieving the NEO.....	10
3.2	Making a more preferable rule.....	10
3.3	Making a differential rule for the Northern Territory	11
4	Issues for consultation	12
4.1	Feasibility of early application of the Scheme.....	12
4.2	Drafting of the rule	12
4.3	Cost and benefits of early application of the Scheme	13
5	Process for this rule change.....	15
5.1	Treatment as a non-controversial rule change	15
5.2	Key dates	15
6	Lodging a submission	16
6.1	Lodging a request not to make a rule under an expedited process	16
6.2	Lodging a submission to this rule change request	16
6.3	Lodging a submission electronically	16
6.4	Lodging a submission by mail	16
	Abbreviations.....	17
A	Potential alternative drafting.....	18

1 The rule change request

1.1 Introduction

On 14 December 2017, the Australian Energy Regulator (AER) submitted a rule change request to the Australian Energy Market Commission (AEMC or Commission) seeking to allow distribution network service providers (DNSPs) to apply to the AER for early application of the revised Demand Management Incentive Scheme (Scheme) published on 14 December 2017.

1.2 Background

1.2.1 Context of the rule change request

In 2015, the Commission made the *Demand management incentive scheme* rule change in response to rule change requests submitted by the Council of Australian Governments (COAG) Energy Council and the Total Environment Centre.¹ The rule change proponents had raised concerns that the previous demand management incentive scheme was not effective in providing DNSPs with incentives to undertake efficient demand management projects.²

The aim of the *Demand management incentive scheme* (DMIS) rule change was to help balance the incentives for DNSPs to undertake demand management projects as alternatives to implementing network options. The Commission considered that this would be best achieved by providing greater clarity to the AER and stakeholders in respect of how demand management incentive mechanisms should be developed and applied.³

As part of the DMIS rule change process, the Commission did consider the possibility of early application of the Scheme. However at that stage, the Scheme design had not been determined and taking into account the AER's concern at the time that application of the Scheme midway through a regulatory period may require reopening of the relevant distribution determinations, the Commission did not consider it appropriate to provide for application of the Scheme midway through a regulatory control period.⁴

The rule change included requirements on the AER to develop a DMIS in line with the scheme objective of providing DNSPs with an incentive to undertake efficient expenditure on relevant non-network options relating to demand management.

The AER Scheme development process included several rounds of stakeholder consultations⁵. Taking into account stakeholder views, the AER developed the Scheme and published it on the 14 December 2017.

1 AEMC, *Demand Management Incentive Scheme*, final determination, 20 August 2015, p. 4.

2 AEMC, *New rules for a demand management incentive scheme*, Information Sheet, 20 August 2015.

3 AEMC, *Demand Management Incentive Scheme*, final determination, 20 August 2015, p (i) (Summary).

4 Ibid, pp. 78-79.

5 Rule change request, pp. 4-5.

Consultation carried out by the AER

As part of the Scheme development consultation process, the AER also carried out consultation on the rule change proposal for earlier application of the Scheme.⁶ The vast majority of stakeholders' submissions received by the AER in response to the consultation were supportive of the early application rule change.⁷

1.2.2 The demand management incentive scheme

The Scheme developed by the AER incentivises DNSPs to undertake efficient expenditure on non-network options relating to demand management by providing incentive payments of up to 50% of expected demand management costs for committed efficient demand management projects.⁸ The incentive payments are subject to two caps, a project cap that limits a project incentive to be no higher than the project's expected benefit and a total incentive cap which limits the total financial incentive that a distributor can accrue under the Scheme within a year to 1% of its annual smoothed revenue requirement (AR) for that regulatory year.⁹

Under the Scheme, the incentive accrued by a DNSP within a regulatory year will be included in the DNSP's total annual revenue for the year that is two years after the year of accrual.¹⁰ For example, if a DNSP accrues an incentive under the Scheme in year 2020, the incentive will be included in the DNSP's total annual revenue for the year 2022. Hence, under the Scheme design there is a two year lag between when incentives are accrued by a DNSP and when they are payable to them.¹¹

The AER considers that early application of the Scheme will not require reopening of the DNSPs' existing regulatory determinations or amendments to their control mechanisms.¹² This is because of the two year gap between when incentives are accrued and when they are paid, which means that the DNSPs committing projects under the Scheme partway through their current regulatory control period will not recover the incentives until their next regulatory control period.¹³

1.3 Issue raised in the rule change request

The AER considers that the current National Electricity Rules (NER) do not allow for application of the Scheme until the commencement of the next regulatory control

⁶ Rule change request, pp. 5-6.

⁷ Rule change request, pp. 6-7.

⁸ The cost multiplier of 50% is applicable for version 1 of the Scheme and can be subject to change under revised versions (see clauses 2.3(3) and 2.1(2) of the Scheme). The rule change request is limited in scope to the early implementation of only version 1 of the Scheme. (see pp1,9 and 13 of the rule change request)

⁹ Demand management incentive scheme, clauses 2.3(3) and 2.5(2). The total incentive cap is based on the annual smoothed revenue requirement as stated in the AER's post tax revenue model.

¹⁰ Demand Management Incentive Scheme, clauses 2.5(3) and 2.6.

¹¹ Demand management incentive scheme, clause 2.5(3).

¹² Rule change request, p. 1.

¹³ Rule change request, p. 9.

period.¹⁴ Waiting until the next regulatory control period would result in customers having to forgo the opportunity to benefit promptly from the Scheme particularly because the next regulatory control period for some jurisdictions is two to three years away.

1.4 The proposed rule

The AER has proposed drafting to implement the rule change request. The proposed rule change will amend chapter 11 of the Rules to allow a DNSP to apply to the AER for application of the Scheme during its current regulatory control period. The provision will be a 'one-off' and it will only apply to the Scheme published in December 2017, not any future revision of the Scheme.¹⁵

Under the proposed rule, a DNSP may seek application of the Scheme during the current regulatory control period by submitting a proposal to the AER which includes:¹⁶

- the proposed start date for the application of the Scheme
- a description of how the early application of the Scheme will assist the DNSP in undertaking efficient expenditure on relevant non-network options relating to demand management
- such other information that the DNSP considers relevant.

The proposed rule also includes obligations on the AER in relation to publication and consultation on a DNSP's proposal, making of the final decision and notice of the final decision.¹⁷

The proposed rule does not include any proposed changes to the NER provisions in relation to other incentive schemes or regulatory mechanisms.¹⁸ The rule change proposal does not seek early application of the Demand Management Innovation Allowance Mechanism which was developed and published by the AER in conjunction with the Scheme.¹⁹ Similarly, it does not involve exemptions or amendments for the efficiency benefit sharing scheme (EBSS), capital expenditure sharing scheme (CESS) or service target performance incentive scheme (STPIS).²⁰

The proposed rule is therefore aimed at allowing DNSPs to seek application of the Scheme in their current regulatory control period, which could lead to eligible demand management projects being committed earlier than otherwise likely. The proposed rule

¹⁴ Rule change request, p.3.

¹⁵ Rule change request, p. 13, p. 1 and p. 9.

¹⁶ Rule change request, pp. 13-14.

¹⁷ Rule change request, p. 14.

¹⁸ Rule change request, p. 9.

¹⁹ AER, *Demand management incentive scheme early implementation rule change*, Consultation paper, August 2017, p. 18.

²⁰ Rule change request, p. 9.

also provides discretion to the AER in permitting early application for a DNSP and the date from which the Scheme applies for a DNSP.²¹

Copies of the rule change request may be found on the AEMC website,
<http://www.aemc.gov.au/Rule-Changes/Implementation-of-Demand-Management-Incentive-Sche#>

²¹ Rule change request, p. 14.

2 Potential alternative drafting

The AER has supplied indicative drafting with its rule change request. The purpose of the proposed rule is to allow DNSPs to apply to the AER for the application of the Scheme during their current regulatory control periods.

In respect to implementation, the Commission is considering whether minor changes to the drafting of the proposed rule may better achieve the objective discussed in chapter 1. These changes do not alter the intent of the proposed rule, but rather clarify the parameters surrounding the early application of the Scheme to provide greater certainty to stakeholders when committing projects under the early application of the Scheme.

Attached with the consultation paper is a copy of the rule proposed by the AER marked up with indicative drafting to reflect potential changes to how the policy intent in the rule change request could alternatively be implemented. This chapter outlines these minor potential drafting changes to the rule proposed by the AER.

2.1 Differences between the AER's proposed rule and potential alternative drafting

2.1.1 Provision for the AER to apply the Scheme in the context of early implementation

The mark ups at clauses 1.1.3(i) and 1.1.3(j) of the proposed rule aim to allow the AER to be able to apply the Scheme in a manner which facilitates its earlier implementation.²²

To give effect to the early application of the Scheme, some elements of the current drafting in the Scheme may not be relevant. For example, clause 2.1(c) of the Scheme states that the distribution determination for the distributor will set out how, if at all, the Scheme is to apply to the distributor. This clause of the Scheme may not be relevant, because under the rule change request's approach to the early application of the Scheme, the decision to apply the Scheme is not being made as part of a distribution determination.

As some elements of the drafting of the Scheme may not be relevant in the circumstances of early implementation, it may be appropriate to provide discretion to the AER to apply the Scheme in a manner that facilitates its early implementation.

The rule proposed by the AER may need to be amended to provide clarity to stakeholders about how the Scheme will be applied in the context of early implementation. Hence changes marked up at clause 1.1.3(f)(3) may be appropriate.²³

²² Attachment A, clause 1.1.3(j).

²³ Attachment A, clause 1.1.3(f)(3).

2.1.2 Clarification that start date can be no earlier than 24 months prior to the end of the current regulatory control period

The mark ups at clauses 1.1.3(b)(1)(ii) and 1.1.3(g) clarify that the start date for the application of the Scheme cannot be earlier than 24 months prior to the end of the current regulatory control period. This clarification is consistent with the intent of the proposed rule to avoid the reopening of any current distribution determination.²⁴

Some other minor drafting changes have also been marked up for clarity.

²⁴ Rule change request, p. 9.

3 Assessment framework and legal tests

The following sections outline the assessment framework that will be used by the Commission in coming to a decision on the rule change request.

3.1 Achieving the NEO

Under the NEL the Commission may only make a rule if it is satisfied that the rule will, or is likely to, contribute to the achievement of the national electricity objective (NEO).²⁵ This is the decision making framework that the Commission must apply.

The NEO is:²⁶

To promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to:

- (a) price, quality, safety, reliability and security of supply of electricity
- (b) the reliability, safety and security of the national electricity system.

Under the Northern Territory legislation adopting the NEL, the Commission must regard the reference in the national electricity objective to the “national electricity system” as a reference to whichever of the following the Commission considers appropriate in the circumstances having regard to the nature, scope or operation of the proposed rule:²⁷

- (a) the national electricity system
- (b) one or more, or all, of the local electricity systems
- (c) all the electricity systems referred to above.

In assessing the rule change proposal against the NEO, the Commission proposes to consider the following principles to guide the assessment of the rule change request:

- whether early application of the Scheme promotes efficient investment in electricity services for the long term interests of consumers
- the administrative costs of early application of the Scheme.

3.2 Making a more preferable rule

Under s.91A of the NEL, the Commission may make a rule that is different (including materially different) to a proposed rule (a more preferable rule) if it is satisfied that, having regard to the issue or issues raised in the rule change request, the more preferable rule will or is likely to better contribute to the achievement of the NEO.

²⁵ Section 88 of the NEL.

²⁶ Section 7 of the NEL.

²⁷ Section 14A of Schedule 1 to the *National Electricity (Northern Territory) (National Uniform Legislation) Act 2015*, inserting section 88(2a) into the NEL as it applies in the Northern Territory.

3.3 Making a differential rule for the Northern Territory

Under the Northern Territory legislation adopting the NEL, the Commission may make a differential rule if, having regard to any relevant MCE statement of policy principles, a different rule will, or is likely to, better contribute to the achievement of the NEO than a uniform rule.²⁸ A differential rule is a rule that:

- (a) varies in its term as between:
 - (i) the national electricity system; and
 - (ii) one or more, or all, of the local electricity systems; or
- (b) does not have effect with respect to one or more of those systems,

but is not a jurisdictional derogation, participant derogation or rule that has effect with respect to an adoptive jurisdiction for the purpose of s. 91(8) of the NEL.²⁹

It does not appear to the Commission that a differential rule is required for the Northern Territory, but submissions with contrary views are welcome.

²⁸ Section 14B of Schedule 1 to the *National Electricity (Northern Territory) (National Uniform Legislation) Act 2015*, inserting section 88AA into the NEL as it applies in the Northern Territory.

²⁹ Section 14 of Schedule 1 to the *National Electricity (Northern Territory) (National Uniform Legislation) Act 2015*, inserting the definitions of “differential Rule” and “uniform Rule” into section 87 of the NEL as it applies in the Northern Territory.

4 Issues for consultation

Taking into consideration the proposed assessment framework and potential requirements to implement the proposed rule change, a number of issues appear relevant for consideration to this rule change request. These issues are outlined below and provided for guidance. Stakeholders are encouraged to comment on these issues, as well as any other relevant aspect of the rule change request or this paper.

4.1 Feasibility of early application of the Scheme

The AER has identified two main barriers to early application of the Scheme. The barriers identified by the AER include:

- The requirements of the building block determination. This includes the Rules requiring a building block determination to specify how any applicable scheme is to apply to a distributor.³⁰ The AER state that given this requirement, the Scheme cannot replace an older version of the Scheme for a regulatory control period that has already commenced.³¹ To address this barrier, the AER has submitted the rule change request along with the drafting of the proposed rule aimed at allowing DNSPs to apply the Scheme in their current regulatory control period.
- Reopening of the distribution determination. If the application of the Scheme midway through a regulatory control period requires a reopening of the distribution determination, it would impose considerable costs on the DNSP and the AER.³² However according to the AER, the Scheme's design combined with the scope and timing of this rule change request means that a reopening of the current distribution determinations will not be required.³³

It appears to the Commission that early application of the Scheme may not require reopening of a current distribution determination and that the proposed rule could allow for the application of the Scheme in a DNSP's current regulatory control period. However the Commission is interested in stakeholders' views on whether there are implications of the early application that have not yet been considered.

With this in mind, the stakeholders are encouraged to provide comments on the following question.

Question 1: Are there any barriers to early application of the Scheme that have not been considered under the AER's rule change proposal or this consultation paper?

4.2 Drafting of the rule

The purpose of the proposed rule is to allow DNSPs to apply to the AER for the application of the Scheme during their current regulatory control periods. The AER submitted proposed drafting of the rule as part of the rule change request. Section 2.1 of this consultation paper discusses a potential alternative drafting approach.

³⁰ NER 6.3.2(a)(3).

³¹ Rule change request, p. 3.

³² Rule change request, p. 1, p. 9 and p. 11.

³³ Rule change request, p.11.

Indicative drafting to reflect these potential changes is attached at Attachment A for the purposes of consultation. These changes may further align the proposed rule with the intent of the rule change request by providing clarity and certainty to stakeholders that are considering early application of the Scheme.

With this in mind, the stakeholders are encouraged to provide comments on the following questions.

Question 2: Does the potential alternative drafting in attachment A provide greater clarity and certainty?

Question 3: Does the potential alternative drafting in attachment A achieve the purpose of the rule change request? If not, what changes should be made?

4.3 Cost and benefits of early application of the Scheme

Proposed benefits of early application of the Scheme

The AER submits that the rule change will allow greater certainty for distributors when committing projects and increase the timeliness of the benefits of the Scheme to electricity consumers.³⁴ Early implementation of the Scheme is expected to promote efficient investment and ultimately reduce costs to consumers. This is because the Scheme only allows DNSPs to access cost uplifts on efficient demand management projects that deliver an expected net benefit to electricity consumers.³⁵

Stakeholder responses to the AER's consultation paper on early implementation considered the benefits of early implementation of the Scheme to include:

- early access to the benefits of the Scheme³⁶
- more certainty to NSPs and non-network service providers, earlier investment in demand management, and therefore potentially a greater reduction in in energy consumers' bills³⁷
- assistance with driving efficient outcomes for consumers.³⁸

Proposed costs of early application of the Scheme

The AER considers that there may be some burden in adhering to compliance and reporting requirements under the Scheme, but there will not be undue costs to distributors caused by this rule change.³⁹

³⁴ Rule change request, p. 1.

³⁵ AER, *Demand management incentive scheme early implementation rule change*, Consultation paper, August 2017, p. 19.

³⁶ Rule change request, p. 6.

³⁷ Energy Efficiency council, *EEC Submission on demand management incentive scheme and innovation allowance mechanism and rule change consultation paper*, 23 October 2017, p. 4.

³⁸ South Australia council of Social Services, *SACOSS submission on draft demand management incentive scheme, innovation allowance and rule change consultation paper*, 28 September 2017, p. 3.

³⁹ AER, *Consultation paper on demand management incentive scheme early implementation rule change*, August 2017, p. 20.

The availability of the incentive payment allows distributors to make investment decisions based on their own cost benefit analysis. As the DNSPs would conduct such analysis regardless of the incentive, the AER considered that the extra cost would be insignificant compared to the benefits offered by the incentive.⁴⁰

The AER considers its own administrative costs to be relatively minor given that they do not need to reconsider other elements of the distribution determination or alter their determination process.⁴¹ The additional administrative costs to the AER would be limited to earlier commencement of the compliance work under the Scheme as it will apply earlier.

Comparison of costs and benefits

Overall the AER is of the view that benefits of having early application of the Scheme will outweigh any associated costs.⁴² Some stakeholders responding to the AER's consultation paper on early implementation of the Scheme also agreed that the benefits of early implementation outweigh the costs.⁴³

With this in mind, stakeholders are encouraged to provide comments on the following questions.

Question 4: Are there any costs or benefits of early application of the Scheme that have not been considered in the AER's rule change request or this consultation paper?

Question 5: Are the benefits of the early application of the Scheme likely to outweigh its costs?

⁴⁰ Rule change request, p. 12.

⁴¹ Ibid.

⁴² Ibid.

⁴³ Rule change request, p. 6.

5 Process for this rule change

5.1 Treatment as a non-controversial rule change

The Commission considers that the rule change request should be subject to the expedited rule making process under s.96 of the NEL. The Commission considers that the rule change request is a request for a non-controversial rule, and is unlikely to have a significant effect on the national electricity market because:⁴⁴

- the Scheme is relatively small in size, with the total incentive that can be accrued under the Scheme in any particular year capped below one percent of the DNSP's annual smoothed revenue requirement (AR)⁴⁵
- the impact of the rule change request would be limited to allowing the application of the Scheme one or two years earlier than otherwise possible.

Rule changes that are considered to be non-controversial may be processed under an expedited (faster) process under which there is only one round of consultation and the AEMC must publish its final rule determination within six weeks of commencing the rule change process.⁴⁶

The Commission has decided to use an expedited process to consider this rule change request provided that it does not receive any valid written requests not to use the expedited process by 6 March 2018. To be valid, an objection should set out the reasons why the rule change request will have a significant effect on the national electricity market.

If there are no valid objections to the expedited process, the final determination will be published on 3 April 2018.

5.2 Key dates

The **key dates** for stakeholders in this process are as follows:

- Commencement of this rule change process: 20 February 2018
- Objections to an expedited process to be received by: 6 March 2018
- Submissions to the proposal to be received by: 20 March 2018
- Final decision to be published under an expedited process by: 3 April 2018

⁴⁴ Section 87 of the National Electricity Law sets out the definition of a non-controversial rule.

⁴⁵ The total incentive cap is based on the annual smoothed revenue requirement as stated in the AER's post tax revenue model.

⁴⁶ The AEMC has published a notice under sections 95 and 96 of the National Electricity Law to commence and assess this rule change request as a non-controversial rule.

6 Lodging a submission

The Commission invites written submissions on this rule change proposal and requests not to make a rule under the expedited process.

All enquiries on this project should be addressed to Jashan Singh on (02) 8296 7853 or jashan.singh@aemc.gov.au.

6.1 Lodging a request not to make a rule under an expedited process

Written requests not to make a rule under the expedited process in s. 96 of the NEL must include reasons for the request, and must be lodged with the Commission by 6 March 2018 either online or by mail and in accordance with the process specified in section 6.2.

6.2 Lodging a submission to this rule change request

Written submissions on the rule change request must be lodged with the Commission by 20 March 2018 either online or by mail and in accordance with the requirements specified below.

Where practicable, submissions should be prepared in accordance with the Commission's guidelines for making written submissions on rule change requests.⁴⁷ The Commission publishes all submissions on its website, subject to a claim of confidentiality.

6.3 Lodging a submission electronically

Electronic submissions, or requests not to make a rule under the expedited process, must be lodged online via the Commission's website, www.aemc.gov.au, using the "lodge a submission" function and selecting the project reference code ERC0230.

The request or submission must be on letterhead (if submitted on behalf of an organisation), signed and dated.

6.4 Lodging a submission by mail

The submission must be on letterhead (if submitted on behalf of an organisation), signed and dated. The request or submission should be sent by mail to:

Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

The envelope must be clearly marked with the project reference code: ERC0230.

⁴⁷ This guideline is available on the Commission's website www.aemc.gov.au.

Abbreviations

AEMC	Australian Energy Market Commission
AER	Australian Energy Regulator
Commission	See AEMC
COAG	Council of Australian Governments
DMIS	Demand Management Incentive Scheme
DNSP	Distribution Network Service Provider
NEL	National Electricity Law
NEO	National Electricity Objective
NERO	National Energy Retail Objective
NGO	National Gas Objective
NT NER	National Electricity Rules (Northern Territory)
MCE	Ministerial Council on Energy

A Potential alternative drafting

1.1.1 Title of Rule

This Rule is the National Electricity Amendment (~~Early~~ Implementation of Revised Demand Management Incentive Scheme) Rule 201~~8~~7 No. [X]

1.1.2 Commencement

This Rule commences on [].

1.1.3 Savings and Transitional Amendments to the National Electricity Rules

The National Electricity Rules are amended as set out in Schedule 1.

Schedule 1

Chapter 11 Savings and Transitional Rules

Part ZZ[X] ~~Early~~ Implementation of ~~Revised~~ Demand Management Incentive Scheme

Rules consequential on the making of the National Electricity Amendment (~~Early~~ Implementation of ~~Revised~~ Demand Management Incentive Scheme) Rule 201~~7~~8.

1.1.1 Definitions

In this Rule [XX]:

Amending Rule means the National Electricity Amendment (~~Early~~ ~~Application~~ Implementation of ~~Revised~~ Demand Management Incentive Scheme) Rule 201~~7~~8.

commencement date means the day on which the Amending Rule commences operation.

existing demand management incentive scheme means a scheme developed and published by the *AER* under clause 6.6.3 of the *Rules* prior to 1 December 2016.

current regulatory control period means, for a *Distribution Network Service Provider*, a *regulatory control period* that commenced before the commencement date and, as at the commencement date, has not ended.

revised demand management incentive scheme means ~~a scheme~~ the Demand Management Incentive Scheme developed and published by the *AER* under clause 6.6.3 of the *Rules* on 14 December 2017 ~~or after 14 December 2016 but before 31 December 2017~~.

1.1.2 Purpose

The purpose of this Rule [XX] is to allow a *Distribution Network Service Provider* to apply to the *AER* for the application of ~~at~~ the revised demand management incentive scheme during its current regulatory control period.

1.1.3 Early application of revised ~~D~~emand ~~M~~anagement ~~I~~ncentive ~~S~~cheme

- (a) A *Distribution Network Service Provider* may seek application of the revised demand management incentive scheme notwithstanding that the current *regulatory control period* may have commenced before 14 December 2017 ~~the revised demand management incentive scheme's commencement date~~.

Submission of proposal

(b) If a *Distribution Network Service Provider* wishes the revised demand management incentive scheme to apply during the current regulatory control period, the *Distribution Network Service Provider* must submit a proposal to the *AER* setting out:

(1) the proposed start date for the application of the revised demand management incentive scheme, which must not be earlier than the later of:

(i) -60 *business days* after the proposal is submitted; or

~~(ii)~~ (ii) 24 months prior to the end of the current regulatory control period;

(2) a description of how the proposed early application of the revised demand management incentive scheme will assist the *Distribution Network Service Provider* in undertaking efficient expenditure on relevant *non-network options* relating to demand management; and

(3) such other information ~~as~~ that the *Distribution Network Service Provider* considers relevant to its application for early application of the revised demand management incentive scheme.

Publication and consultation on proposal

(c) The *AER* must as soon as practicable, *publish*:

(1) a proposal submitted under paragraph (b); and

(2) an invitation for written submissions from any person on the proposal within a period specified by the *AER*, being a period not less than 20 *business days* from the date of publication of the invitation for submissions.

(d) Any person may make a written submission to the *AER* on the proposal, within the period specified in the invitation referred to in paragraph (c)(2).

Making of final decision

(e) The *AER* must make a final decision on whether and how to apply the revised demand management incentive scheme to a *Distribution Network Service Provider* during its current *regulatory control period*.

(f) The *AER*'s final decision must:

(1) include a decision on the start date; ~~and~~

(2) set out reasons for the decision; and

~~(2)~~(3) set out any amendments to the revised demand management incentive scheme necessary to give effect to the application of the revised demand management incentive scheme under paragraph (i).

(g) The *AER* may make a decision on a start date which is different to the proposed start date, provided that the start date is not earlier than 24 months prior to the end of the current regulatory control period.

(h) In making its final decision, the *AER* must consider the proposal submitted under paragraph (b) and any written submissions made on the proposal, and must have regard to the factors in clause 6.6.3(c).

(i) If the AER makes a final decision that the revised demand management incentive scheme will apply then it will apply to the relevant *Distribution Network Service Provider* from the start date set out in the final decision, notwithstanding anything to the contrary in the revised demand management incentive scheme.

~~(i)~~(j) The revised demand management incentive scheme, as applicable to the *Distribution Network Service Provider*, is taken to be amended in accordance with the AER's final decision under paragraph (f)(3).

Notice of final decision

~~(k)~~(k) The AER must, at least one *business day* before the start date determined under paragraph ~~(f)~~ (j) publish:

- (1) notice of the making of the final decision; and
- (2) the final decision, including its reasons.

Application of existing scheme

~~(l)~~(l) Nothing in this Part [X] affects the application of an existing demand management incentive scheme to a *Distribution Network Service Provider* in respect of the current regulatory control period.