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John Pierce  
Chairman  
Australian Energy Market Commission  
PO Box A2449  
SYDNEY SOUTH NSW 1235

Dear Mr Pierce 

**Re: Submission on National Electricity Amendment - Demand Side Response Mechanism and Ancillary Services Unbundling (consultation paper)**

The AER welcomes the opportunity to respond to the AEMC's consultation paper on the COAG Energy Council's Demand Side Response Mechanism and Ancillary Services Unbundling rule change proposal.

We recognise that, as set out in the Power of Choice review, the responsiveness of the demand side to electricity price signals has the scope to significantly increase into the future. We support the AEMC's work program to explore whether the demand side can participate in the wholesale market in a manner to increase transparency, improve price signals and enhance the efficient operation of the market in line with the National Electricity Objective. We note that any demand side response mechanism must be tailored to work effectively within the Australian wholesale market design.

We would be pleased to provide further assistance to the AEMC on this important area of work. Please contact Peter Adams, General Manager, Wholesale Markets, on (03) 9290 1465 if you would like to discuss any issues related to this work stream.

Yours sincerely



Michelle Groves  
Chief Executive Officer  
Australian Energy Regulator