

13 May 2020



Declan Kelly
Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney NSW 2000

Dear Mr Kelly,

Subject: Second Wholesale Demand Response draft determination

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact upon people who are marginalised and facing disadvantage. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in energy and water markets.

PIAC welcomes the opportunity to respond to the Australian Energy Market Commission's (the Commission) consultation on the *second Wholesale Demand Response draft rule determination*.

PIAC supports the Commission's second draft determination, in particularly the proposed earlier implementation of the rule in 2021, and a number of improvements that will make it easier for businesses to participate, increasing competition.

We are concerned some energy providers are arguing COVID-19 presents a reason to alter or delay this vital demand-side reform. We strongly oppose any delay in the implementation of the wholesale demand response mechanism beyond the proposed date of 2021. We have elaborated on our position on this in a joint submission with a number of other consumer advocates and businesses.

We broadly support the points raised by Major Energy Users (MEU) in its submission. We agree that requirements of wholesale demand response providers should reflect the benefits wholesale demand response brings to the energy market, and should be set to encourage participation, while protecting the safety of consumers and other market participants. We also agree that imposing penalties for failing to provide demand response will be a deterrent to involvement and that demand response providers should not be penalised for not reducing demand just as generators are not penalised for not meeting scheduled deliveries.

We broadly support the issues raised by Enel X in its submission to this consultation. In particular we share its concerns around baseline

Level 5, 175 Liverpool St
Sydney NSW 2000
Phone: 61 2 8898 6500
Fax: 61 2 8898 6555
www.piac.asn.au
ABN: 77 002 773 524

methodologies, which will be important in facilitating participation of different types of loads, and tolerances for baseline compliance, which will determine how much demand response capacity is reliably available.

As previously noted, PIAC is concerned transferring responsibility for household inclusion in demand response to the 2-sided energy market reform process will unnecessarily delay household participation and the realisation of its associated benefits. Household demand drives high energy prices and evidence shows many households are eager and able to participate in demand response. Excluding them from the mechanism reduces its effectiveness and prevents them from accessing its full benefits.

We thank the Commission for its work and look forward to working collaboratively to ensure wholesale demand response is introduced in 2021, in a way that maximises benefits for consumers.

Continued engagement

PIAC would welcome the opportunity to meet with the Commission and other stakeholders to discuss these issues in more depth.

Yours sincerely

Craig Memery

Policy Team Leader, Energy and Water
Public Interest Advocacy Centre

Direct phone: +61 2 8898 6522

E-mail: cmemery@piac.asn.au