

THE CHAPEL GROUP

C L E A N T E C H N O L O G Y . M A D E S I M P L E .

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Dear sir/madam,

Energy Security Board National Energy Guarantee – Feedback on Draft Consultation Paper

Thank you for the opportunity to provide feedback on the above consultation paper.

There are several references indicating demand response will be introduced into the wholesale market. This is a positive move; however greater clarity needs to be provided as to how demand response will work before effective feedback on the overall design of the Energy Guarantee can be given.

Due to the ambiguity relating to the role demand response will play, I have the following questions:

Under the Emissions requirement, it is not clear how demand side activities will contribute to the emissions calculation. For example, if a Retailer secured X MWh of demand response and distributed energy resources from its customer base instead of purchasing energy from the wholesale market, how is this factored into a Retailer's Emission requirement?

It is not clear how a Genterailer is incentivized to invest in Demand Response. If they have a certain amount of MWh of generation under management, how does the proposed design ensure they contract demand response from the market if it is lower cost with lower emissions than the generation they have under management?

A Retailer may invest in generation capacity to meet its future Reliability requirements. If, at a future date, they can secure the required capacity via demand response at a lower price, with lower emissions, how does the proposed design ensure the best option for the consumer and the community is purchased?

How does the proposed design ensure demand response does not introduce unfair advantage to the tier one Retailers? For example, currently a consumer must use the same Retailer that it purchases energy from, to also sell demand response to. This immediately places the three large retailers at an advantage.

In summary, demand response will have such a significant role to play in the future operation of the market, that greater clarity on how it will work needs to be provided before we can comment on the overall design of the Energy Guarantee.

Yours sincerely,



Wayne Pales
Director