

1 August 2012

Mr Warwick Anderson  
General Manager Network Regulation  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001  
Email [NSWACTelectricity@aer.gov.au](mailto:NSWACTelectricity@aer.gov.au)

Dear Mr Anderson

**Response to AER's proposed demand management and embedded generation connection incentive scheme (DMEGCIS)**

Thank you for the opportunity to respond to the Australian Energy Regulator's proposed DMEGCIS. ActewAGL Distribution accepts that the AER's proposed changes are necessary and appropriate, following the December 2011 amendments to the National Electricity Rules. We have no objections to the proposed changes, which clarify the scope and application of the scheme.

In the Explanatory Statement accompanying the proposed scheme the AER indicates that the scheme may require further revision after the conclusion of the AEMC's *Power of Choice* review in September 2012. ActewAGL Distribution notes that in the context of the AEMC review the AER has commented that the current scheme is not an incentive scheme, as permitted under the Rules, but rather a form of research and development allowance. The AER has indicated that it will consider the need to develop an incentive scheme once the outcome of the AEMC review is known.<sup>1</sup> ActewAGL Distribution agrees with the AER's assessment and welcomes efforts to provide stronger incentives through the DMEGCIS.

Please contact Leanne Holmes, Manager Economic Regulation, on 0412 850715 if you wish to discuss this matter.

Yours sincerely



David Graham  
Director Regulatory Affairs and Pricing

<sup>1</sup> AER 2012, Response to AEMC Power of Choice Review Directions Paper, 8 May, p. 9.