

12 October 2017

Mr Warwick Anderson

General Manager, Network Finance and Reporting
Australian Energy Regulator

Via email: DM@aer.gov.au

Dear Mr Anderson,

Re: DEMAND MANAGEMENT INCENTIVE SCHEME AND INNOVATION ALLOWANCE MECHANISM

carbonTRACK welcomes the opportunity to respond to the Australia Energy Regulator's (AER) consultation paper on the Demand Management Incentive Scheme (DMIS) and Demand Innovation Allowance Mechanism (DMIA).

As a potential third party participant in the scheme and as a demand response Research and Development team, our submission includes the following points:

- They types of projects that are funded under the demand management incentive scheme should allow sufficient flexibility for original innovation projects to be trialled and, if found to be effective through the project compliance reporting, deployed.
- The scheme should encourage cross-collaboration between distributor stakeholders to spread the cost of the research and development of the project, reduce the ongoing costs of the demand management service (and thus address capex/opex balance concerns), and share the benefits of successful solutions developed across the distribution sector; this should, in turn, have a positive effect on electricity prices for customers.
- The scheme should consider allowance not just for solution development, but for trials of solutions and a performance improvement period whereby a systematic approach to ongoing improvement of solutions is applied.
- The involvement of third party providers should be actively supported and facilitated. This will enable a broader pool of innovations and solutions to address the complex and multi-facetted challenges in managing and improving demand response.

We support expanding the current DMIA and developing a model for larger research and development funding.

Should the AER have any queries regarding this submission, please do not hesitate to contact Andrew Foskett on (03) 9233 8522, or andrewf@carbontrack.com.au.

Yours sincerely,



Spiros Livadaras

Founder & Managing Director, carbonTRACK