

31 July 2012

Mr Warwick Anderson
General Manager, Network Regulation
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601

Dear Mr Anderson

Proposed Demand Management and Embedded Generation Connection Incentive Scheme

Thank you for the opportunity to comment on the AER's proposed Demand Management and Embedded Generation Connection Incentive Scheme (DMEGCIS). Endeavour Energy recognises that the AER views the proposed scheme as an interim arrangement until the AEMC releases the report into its Power of Choice review and we look forward to having further input into the form of the final incentive scheme at that stage.

Endeavour Energy notes that with the removal of the d-factor component of the current incentive scheme, the proposed DMEGCIS provides little real incentive for DNSPs to undertake significant demand management programs. In this respect, we support the position articulated by Ausgrid in their submission on the proposed DMEGCIS.

It should be noted that Endeavour Energy intends providing a fuller response to the issues raised by the proposed DMEGCIS as part of the Networks NSW response to the preliminary positions expressed in the AER's Framework and Approach paper for the NSW regulatory control period commencing July 1 2014.

If you have any questions regarding this submission, please do not hesitate to contact our Regulatory Technical Manager, Rick Wallace, on (02) 9853 6648.

Yours faithfully



Rod Howard
Interim Chief Operating Officer