

Mr John Pierce  
Chairman  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

*Submitted via [www.aemc.gov.au](http://www.aemc.gov.au)*

12 February 2015

Dear Mr Pierce,

**Submission on shared market protocol implementation advice (EMO0029)**

EnerNOC is grateful for the opportunity to comment briefly on the governance arrangements for developing and maintaining the shared market protocol. Our comments are informed by the experiences of our Australian business over the last decade in pursuing modest reforms around issues such as customer and third-party access to meter data, and well as more recent reforms such as the Demand Response Mechanism.

Regarding industry-led decision making in general, and the IEC in particular, the following comments in the consultation paper (pp. 9-10) are key:

- “Having an industry body governing the shared market protocol introduces a number of significant governance challenges regarding membership and voting”
- “There is a risk that majority voting allows decisions to be made that do not capture the full benefits for non-members, such as consumers, or minority voters.”
- “The current membership of the IEC does not represent the full range of parties that may use the shared market protocol”
- “There is also a risk that incumbent users of the shared market protocol make decisions that inadvertently create barriers to entry for new participants.”
- “It is likely to be very challenging to address these issues”

We agree with this view, and would go so far as to suggest that barriers may not only be created inadvertently.

If decision-making is controlled by incumbents, there is little prospect of the successful adoption of reforms which remove barriers to competition.

Ideally, decisions should be made by an independent body, with the goal of promoting consumers' long-term interests.

AEMO, being partly industry-owned, is not quite the right body for this. AEMO can be very good at detailed consultation. However, it has an unfortunate tendency, later in the process, of developing a "party line", which it will then pursue regardless of stakeholder input. Its decision-making is not transparent, and it is perceived by representatives of consumers and third-parties as being highly influenced by the positions of incumbents.<sup>1</sup>

In the absence of a suitable, more genuinely independent body, AEMO may be the best available choice. However, it will be important that AEMO is given clear objectives that require it to look beyond the interests of incumbent market participants.

I would be happy to provide further detail on these comments, if that would be helpful.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Paul Troughton', with a long horizontal flourish extending to the right.

Dr Paul Troughton  
Senior Director of Regulatory Affairs

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<sup>1</sup> From our perspective, AEMO's actions with respect to the Demand Response Mechanism rule change proposal made it clear that it prioritised the interests of incumbents over those of consumers, and even over what it had been instructed to do by the Standing Council on Energy and Resources.