

20 November 2025

ISP Team
Australian Energy Market Operator
By email: isp@aemo.com.au

Dear ISP team,

Demand Side Factors Information Guidelines

The Justice and Equity Centre (JEC) welcomes the opportunity to respond to the Australian Energy Market Operator's (AEMO) consultation paper on the Demand Side Factors Information Guidelines (the consultation paper).

We comment on two key matters regarding the Demand Side Factor Statement (DSFS) relating to its roles as an input to the ISP, and in enabling outputs of the ISP.

Wider consideration of demand side factors is needed

The JEC supports the intent to improve the quality and transparency of information pertaining to demand side factors.

However, inputs to the DSFS should not be limited to information from distribution network service providers (DNSP). Limiting input to DNSPs risks sub-optimal consideration and transparency of demand side factors.

Information from DNSPs regarding historical changes in the volume and shape of demand for distribution services is a valuable input to the ISP, but the ISP is fundamentally an exercise in forward projection. DNSPs are not demand side factor experts and are not well placed to provide authoritative positions on the future trajectories of demand side factors, particularly opportunities to manage demand or explore demand-side services opportunities.

The exclusive use of historical data from DNSPs to make assumptions about the future of various demand side factor dynamics locks in the assumption that demand side factors will develop in linear fashions. There is no reason to believe this is the case. It is much more likely that development paths will be geometric in some sense or follow an S-curve in the case of demand side factors that appear as new technologies.

DNSPs are not demand side factor experts. On the contrary they are experts in enabling the supply of energy (with strong incentives to maximise this). The fact that their services and operations are impacted by demand side factor dynamics does not make them experts in the latter. DNSPs have limited capacity or expertise that could enable them to comment usefully on what sort of development curve most demand side factors may be on.

What the rules require and allow

The NER clause shaping AEMO's production of the DSFS information guidelines (5.22.6A) does not preclude gaining information for the DSFS from sources other than DNSPs. In fact, sections (b)(1)(i) and (c) explicitly reference 'information... available to AEMO from other sources' and section (d) stipulates that '[a] demand side factors statement may include other information and analysis that AEMO considers relevant having regard to the purpose of the demand side factors statement.' In all three cases, the reference is to information from sources other than DNSPs.

Sections (e), (g), and (h) imply that the Demand Side Factor Information Guideline relates exclusively to information acquired from DNSPs. The consultation paper summarises the purpose of the guidelines as: "[t]he Guidelines are intended to set out the information that must be provided by DNSPs and provide guidance on the preparation and provision of that information, to AEMO to inform the Demand Side Factors Statement." While these sections refer only to DNSPs, they do not explicitly preclude the possibility of information from other sources being used in the DSFS AEMO produces.

The result of this lack of consistency seems to be an interpretation that the Information Guideline is intended to relate only to information from DNSPs even though AEMO is empowered to use sources of information other than DNSPs for the production of the DSFS. Wider sources of information are not only possible, but necessary to support the most efficient outcomes for consumers.

To resolve this apparent impasse, we propose AEMO produce a supplementary guideline – to accompany the Demand Side Factor Information Guideline – which sets out the sources and types of information AEMO will acquire from non-DNSP actors for the purposes of the production of the DSFS.

We recommend this second guideline specifies the range of demand side factor experts to be consulted, and that these include both consumer representatives or advocates with a legitimate claim to expertise in demand side factors as well as service providers of demand side factors.

The JEC would welcome an opportunity to work with AEMO on developing a 'straw person' DSFS Information Guideline for Demand Side Factor Experts to be consulted on.

The use of the DSFS should be expanded to co-optimisation

We also highlight the need to expand the use of the DSFS to enable an ISP which produces co-optimised plans for the energy system.

It is not in consumers' interests that questions of the development of the distribution networks or demand side factors only be considered in system planning insofar as they impact the selection of transmission projects, which the ODP is exclusively comprised of at present.

The consumer interest would be better promoted by an ISP conducted as an exercise in co-optimising the development of all key elements of the electricity system, including demand side factors, distribution networks, and transmission networks, among others.

The JEC intends to submit a rule change proposal aimed at enabling AEMO to co-optimize the development of all elements of the electricity system through the ISP. Implementing this rule change will enable the information gathered as part of the DSFS to be used to better promote the interests of consumers.

We welcome the opportunity to meet with the AEMO and other stakeholders to discuss these issues in more depth. Please contact me at mlynch@jec.org.au regarding any further follow up.

Yours sincerely,

Michael Lynch, PhD
Senior policy officer
mlynch@jec.org.au