

USING DEMAND MANAGEMENT TO TAKE PRESSURE OFF THE POWER SYSTEM

Wholesale demand response mechanism draft determination 18 July 2019

We are proposing to change the rules so large consumers can be more easily paid for reducing their demand on the power system.

We want demand response to reduce the need for new generation and more expensive network augmentation.

Most simply, demand response is a consumer choice to turn down or turn off their electricity use in response to a signal to do so.

More flexible price-responsive demand can help everyone from heavy industry to small households make informed decisions on how and when to use electricity. We want consumers to see how much electricity costs at different times so they use power when the value of that service to them is greater than the cost of supplying it.

Technology is developing fast. It won't be long before digitalisation gets to the point where a truly two-sided market is possible. That's a market where consumers actively manage their decisions to consume or not consume. We want to start opening up the market so when technology is mature enough there is a clear runway for widespread demand-side participation to take off.

This draft rule makes it easier for large commercial and industrial consumers to sell their demand into the wholesale market. And because we are allowing demand response to set prices in the wholesale market - this means more expensive generation would be pushed to the bottom of the queue. That saves everyone money and means less investment is needed to keep the lights on.



We have already made new rules to help consumers manage their electricity demand and start creating an informed two-sided market

STARTED 2015

- making it easier for small local generators to connect to networks
- improving the information available to AEMO on demand side participation for better demand forecasting

STARTED 2017

- making network businesses set prices reflecting cost of providing network services to individual consumers at different times
- setting incentives for distribution network service providers to invest in demand management
- opening up the metering market to competition so consumers have access to new energy products and services

START 2021

- creating a new type of market participant to offer a customer's demand response into ancillary services markets without having to be that customer's retailer
- making it easier for people to get information about their electricity consumption from distribution companies
- introducing 5-minute settlement to encourage uptake of new technologies like batteries and encourage fast acting demand response