

## The Demand Management Incentive Scheme Rule Change.

The Energy Efficiency Certificate Creators Association (EECCA) submission to the AER regarding a Demand Management Incentive Scheme has been deliberately focussed on ensuring complementarity to the state based Energy Efficiency schemes and supporting the requirement for action in this area.

We appreciate the opportunity to contribute to the design of the scheme through this consultation process and look forward to any further opportunities in this regard.

EECCA is a membership organisation of companies operating within the energy efficient schemes in NSW, Vic, SA and the ACT. Our group of companies proudly implement projects that reduce bills and improve efficiency for households and businesses. We have delivered products and services in more than a million Australian houses and many thousands of organisations. Energy saved can be calculated in the millions of megawatts and have contributed directly to the reduction in overall and peak demand.

There are significant parallels and crossovers between energy efficiency products and activities and demand management. There are also likely to be parallels in the design and conduct of the incentive schemes.

The energy efficiency schemes deliver significant net benefits which could be increased if targets, duration and fuel coverage were expanded. The benefits could also be significantly increased if savings were further targeted to reduce market and network peaks and avoid related network infrastructure investment.

Targeting incentive activities based on Conservation Load Factors (CLFs) alone only provide an incremental net benefit. EECCA notes that modelling to date considers a limited range of policy scenarios. To access the benefits of deferred network infrastructure, EECCA supports modelling and reporting that includes the location, volume and delivery timeframes of peak demand reductions.

EECCA recommends that AER encourage energy savings at the times of peak demand, particularly in constrained network locations, by:

- Requiring Transmissions and Distribution Networks Service Providers to annually publish the details of emerging demand constrained areas, the quantum of demand reduction required to defer investment, and the approximate value of deferred investment; and
- Publishing annual tables of Conservation Load Factors by technology, sector and activity as agreed to by the (NSW) T/DNSPs

This would allow energy efficiency aggregators to work with networks to develop projects tailored to their needs, by providing a transparent and common framework, and reducing transaction costs.

EECCA strongly believes that to ensure additionality, the rules of any incentive schemes must be written to prevent electricity networks from claiming energy efficiency incentives for activities that are funded through pricing determinations or Demand Mgt incentives. And visa versa.

However, subject to additionality, EECCA supports the creation of ESCs for additional network energy savings above and beyond that which would have been cost effective under network regulatory requirements.

We have also included a discussion paper on DSM produced by an EECCA member for reference.

EECCA commends the AER for undertaking this consultation into an Incentive Scheme and would certainly appreciate opportunities to contribute in the future.

Yours Sincerely on behalf of EECCA

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