



# AEMC Forum

## Power of Choice (DSP III) Review

Phil Moody

Group Manager - Energy Markets Regulatory Development

Origin Energy

3 October 2012

# Context



## Electricity Prices

- Demand side response seen as a solution to electricity price pressures
- Reality of National Electricity Market is very complex
- Consequences of proposals must be appropriately assessed

# Market Structure



## National Electricity Market

- Policy makers' decisions have reduced commercial incentive for DSP in the NEM
- Pricing signals to residential customers are muted
- Retailers manage risk and financial exposures in the wholesale market for end customers
- Market participants have invested in this market over two decades, but require regulatory certainty

# Principles to assess proposed changes against



## Principles to assess Power of Choice and Electric Vehicle proposals against:

- Manage expectations to ensure the community is realistic in understanding the role DSP can play in our energy system;
- Properly assess the costs and benefits of proposed changes and ensure due consideration is given to consequences of changes;
- Seek to remove regulatory burden, rather than imposing new distortions on the market;
- Have regard to decisions taken by existing investors; and
- Ensure changes are fit for purpose in Australia's market structure, and consistent with other policy decisions taken in designing and developing the market.

# Origin's comments



Origin supports approaches to facilitate Demand Side Participation enabling technologies, such as smart meters, that can help send appropriate price signals to consumers.

However we also want to ensure that the consequences of proposed changes are appropriately assessed.

We believe further refinements and improvements can be made with respect to:

- Proposed changes to the wholesale market;
- Proposed metering changes; and
- Consumer protection issues.



.....  
**Thank you**  
.....