

## Submission on

### Draft decision: Demand Management Incentive scheme and innovation allowance

#### What is Demand Management?

In listing the constraints or identified needs, the following have been omitted

- Insufficient generation capacity
- Transmission constraints

Almost by definition, the balance of the document is dedicated to distribution networks . This is misleading because they are only the penultimate link in the utility hierarchy and not the sole cause of current discontent centred on costs to consumers.

The current push on demand management might be seen as a cynical substitution for constructive policy.

To allow distributors to interrupt or curtail supply requires major investment on both sides of the meter. The provision of a control signal either via smart meter data connection or an impressed signal on the mains is one aspect. The other is the modification of consumer wiring to isolate components of load or modification of consumer appliances to provide controllability without total isolation. Costs related to the load side of the meter will inevitably rest with the consumer, and the proposed scheme appears to impose the supply side costs also on the consumer via the “use of system” charge.

Thus the full cost of demand management will lie with the consumer, while the need for demand management arises directly from action or inaction of Governments and the supply industry. An alternative which could be considered is voltage reduction which has been adopted elsewhere in the past.

Demand management is being introduced as a late and hurried attempt to offset years of inactivity by successive State and Federal Governments with the justification that it will avoid further network costs and impositions on consumers. It has been shown above to be untrue and it is also misleading in that many ,if not most, of the recent cost increases have been due to privatisation and a market approach which is inappropriate to the most essential service . Multiple layers of administration costs from the COAG Energy Council down to the proliferation of retailers have all been reflected in tariffs. An underlying feature in this arrangement is the commercial imperative for profit to shareholders, a feature which under State ownership was a general benefit or otherwise to the community at large and adjustable to reflect a State’s aspirations for the promotion of industrial activity, population growth etc.

Demand management has been historically ineffective because it relied on punitive tariffs which tended to limit consumption for an initial period until consumers reverted to their previous usage patterns and accepted the cost increase.

It is no substitute for a comprehensive national energy policy with long term generation and transmission planning. It will take a lot of management to offset the loss of even one conventional generating station.

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