



public interest
ADVOCACY CENTRE

A peak behind the curtain

Getting wholesale demand response to consumers

Craig Memery

February 2018



EWCAP's vision in practice

- **Energy is not a source of hardship**

... and energy bills are lower: 25 by 25

- **We are on track for a low carbon energy system**

... on the back of a mature, shared wholistic plan

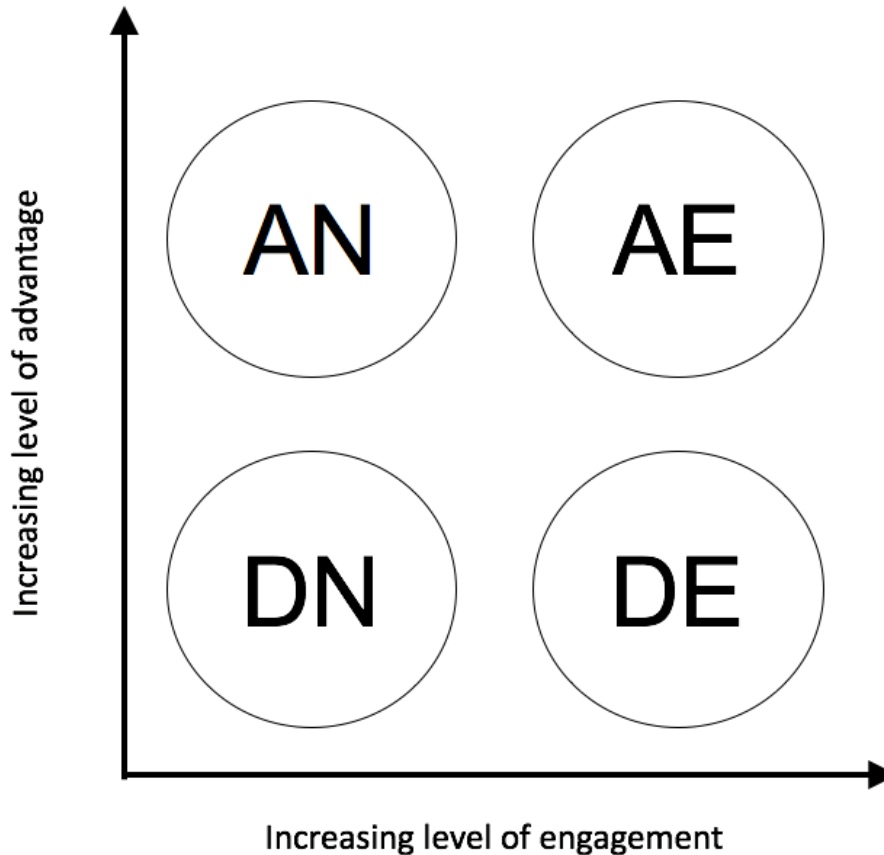
- **The energy system is secure**

... and as reliable as people are prepared to pay



public interest
ADVOCACY CENTRE

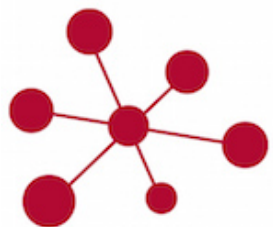
Measuring consumer outcomes



AN – Advantaged, not engaged
AE – Advantaged, engaged
DN – Disadvantaged, not engaged
DE – Disadvantaged, engaged

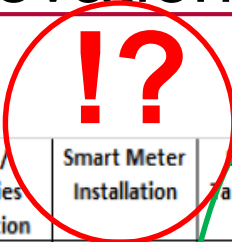
Demand response in all parts of the sector

Stage in supply chain	Wholesale and system operation	Transmission	Distribution	Retail	Customer (behind the meter)
Role of DR	<ul style="list-style-type: none"> Alternative to expensive generation to meet peak demand Provide system security Provide ancillary services 	<ul style="list-style-type: none"> Avoid or defer capital investment Cost effective alternative to expensive interconnection investment 	<ul style="list-style-type: none"> Avoid or defer capital investment Provide power quality support 	<ul style="list-style-type: none"> Manage wholesale market exposure Manage retail market exposure 	<ul style="list-style-type: none"> Reduce consumers' electricity costs Provide backup supply during outage
Necessary reforms or outcomes	<ul style="list-style-type: none"> Demand Response Mechanism (that is independent of retailers) 5 minute settlement 	<ul style="list-style-type: none"> Offering DR to consumers Provide products to allow consumers to self-select their cost-reliability level Ringfencing arrangements and network incentives to support DR 	<ul style="list-style-type: none"> Offering DR to consumers Network tariffs for DR Provide products to allow consumers to self-select their cost-reliability level Ringfencing arrangements and network incentives to support DR 	<ul style="list-style-type: none"> Pass on network tariffs and products for DR Provide products to allow consumers to self-select their cost-reliability level Offer retail DR products for wholesale price arbitrage 	<ul style="list-style-type: none"> Consumers are able to self-select cost-reliability trade-off Allow aggregation of individual consumers to provide DR portfolio
Essential	<p>Coordination of services and products to overcome split-incentives and barriers to efficient use of DR</p>				



public interest
ADVOCACY CENTRE

State of energy retail innovation, NSW 2018



	Demand Response Services	Green Schemes	Pre-payment options / Bill Smoothing	Online Consumption Tool	App	Solar / Batteries Installation	Smart Meter Installation	Solar Feed-in Tariff >= 7c/kWh	GridCredits	Non-Price Incentives
2	○	●	○	●	○	●	●	●		
2	○	●	○	○		●	●	●		
2		●	○	●	●	○	○	●		
2			○			●		○		●
2				○				○		
2								●		
2			○	○				●		●
2			●	○				●		
2		●	●	●	●	●		●		○
2		●	●	○				●		●
2				●				●		●
2		●				○		●		
2		●	●	○		○	○	●	●	●
3						○		○		○
3								○		
4								○		
5	●			●			●	●		●
5			●					○		○
6		●					○	●		
6			●	○				●		●
6								○		



So, boost retail DR, or open up the market?

Need third party aggregation of wholesale DR

- Un-distort market, level playing field
- Access full supply chain
- Allows real consumer choice and confidence
- DR offered by those best equipped
- Allows retailers to focus on what they do well
- (Still) nothing stopping retailers offering DR