

Australian Energy Market Commission
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Dear Madam / Sir

Rule Change proposal re demand management incentive scheme

The Tasmanian Council of Social Service (TasCOSS) supports the consolidated Rule Change proposal put forward by the Total Environment Centre and the COAG Council on Energy that reforms the framework that guides the Australian Energy Regulator in its development and application of the demand management incentive scheme.

TasCOSS is the peak body for the community services sector in Tasmania and an active advocate for the interests of the sector and of the low-income, disadvantaged and vulnerable Tasmanians that the sector supports. We have a long-standing and keen interest in energy policy due to the fact that electricity costs are a major source of financial stress for low-income households in Tasmania.

In the view of TasCOSS this proposed Rule Change has the potential to provide households with considerable savings over time through the promotion by network businesses of demand management measures that will lower demand for electricity and obviate the need for expensive network augmentation.

While we understand that electricity demand has fallen in recent years, we believe there is potential to further lower demand and thereby provide long-term benefit to consumers through reduced network expansion costs, as well as reduced ongoing costs related to providing networks with return on their investments.

TasCOSS believes that it is important to codify the demand management incentive allowance within the National Electricity Rules in spite of the fact that its provision is current practice for the AER. Codification ensures the ongoing existence of the incentive allowance, that it is not subject to discretionary treatment, and that it will provide genuine incentives to network businesses to innovate around demand management to address possible future network limitations.

Another benefit of the proposed Rule Change is that the demand management incentive scheme will have an explicit objective and set of principles for its implementation. This will add clarity of purpose and design to the benefit of consumers, network businesses and all other stakeholders.

It is our view that network regulation to date has promoted the growth of network infrastructure to meet demand at the expense of serious and concerted demand management efforts. The result has been escalating and unsustainable costs to consumers. This Rule Change has the potential to change the balance and ultimately provide significant long-term savings to consumers.

Yours sincerely

A handwritten signature in black ink that reads "Tony Reidy". The signature is written in a cursive, flowing style.

Tony Reidy
Chief Executive

This submission was produced by a project funded the Consumer Advocacy Panel as part of its grants process for consumer advocacy projects and research projects for the benefit of consumers of electricity and natural gas.

The views expressed in this document do not necessarily reflect the views of the Consumer Advocacy Panel, Energy Consumers Australia or the Australian Energy Market Commission.