



19 March 2015

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Reference: ERC0177

Dear Sir/Madam

**Re:**

The Southern Sydney Regional Organisation of Councils (SSROC) is an association of sixteen municipal and city councils. SSROC provides a forum for the exchange of ideas between our member councils, and an interface between governments, other councils and key bodies on issues of common interest. Together, our member Councils cover a population of over 1.6 million, or one third of the population of Sydney.

Our electricity consumption is, for the first time in decades, declining. The decline is being driven by a number of factors including widespread implementation of energy efficiency projects and take-up of solar power. In southern Sydney alone there is evidence that this trend will not change in the near future with increasing interest in solar power and hot water, as well as the emerging potential for battery storage.

The whole energy paradigm appears to be changing, with the community turning to renewable and distributed energy for a range of reasons, irrespective of the offers provided by the traditional energy providers. The entrenched energy market model, designed around the assumption that energy consumption is increasing and that sales will increase, is becoming increasingly irrelevant. Electricity prices have risen so much in recent years, that consumers are looking at ways to reduce their consumption. Furthermore, consumers are realising that their bills comprise a very large component of fixed costs, over which they have no control at all.

Much of the price increase has been driven by the need to expand infrastructure to support ever-increasing levels of demand. The market needs to change to accommodate falling demand and new models of energy provision, including distributed power generation.

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SSROC therefore supports a change that would permit incentives for reducing demand instead of the traditional model of offering price reductions for increased consumption. Savings would accrue to both the consumer, whose bill would be lower, and to the business, since lower demand would reduce the infrastructure investment required.

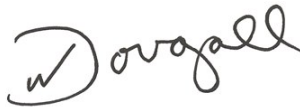
There is also a risk that, if we fail to adapt the market to accommodate the current range of market failures, we will put the market into a position where it cannot be adapted for future changes that will surely follow from emerging technologies.

Electricity is essential to our communities and to society: the market's effective operation is in the public interest. Rising prices, at a time of falling demand, is a market failure that must be addressed.

**We strongly urge that the rule change is adopted, so that incentives can be offered for demand management.**

Due to the timeframe for this submission, I have not been able to put it to a meeting of SSROC for approval. Please note that I will contact you should an issue arise as a result.

Yours faithfully,



Namoi Dougall  
General Manager  
Southern Sydney Regional Organisation of Councils