

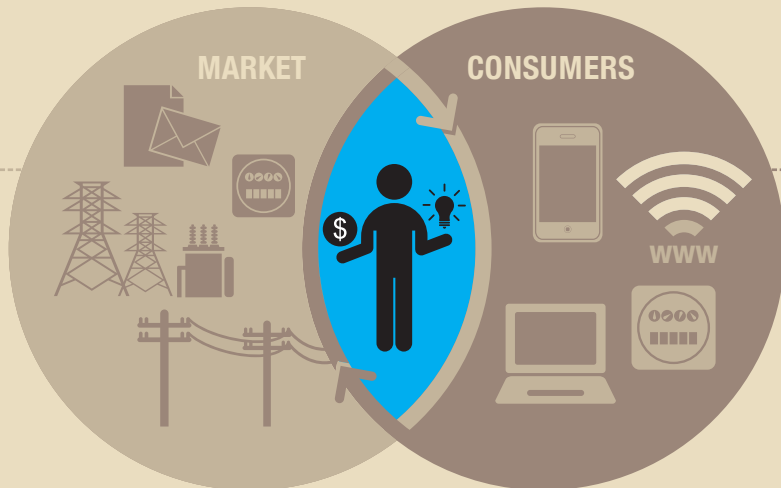
AUSTRALIAN ENERGY MARKET COMMISSION POWER OF CHOICE REVIEW



BENEFITS OF CHANGES

ENABLES ENERGY BUSINESSES TO SUPPORT CONSUMERS BY:

- Providing better incentives to capture the value of DSP
- Supporting coordination across the supply chain
- Improving competition in the provision of DSP options
- Giving different parties clearer roles and responsibilities
- Making investment decisions in DSP technology



ENABLES CONSUMERS TO MANAGE ENERGY BILLS BY:

- Improving information and education
- Rewarding changes in consumption behaviour
- Enhancing consumer choice
- Maximising the value of technology available
- Providing more flexibility about how they contract for energy services

WHY DEMAND SIDE PARTICIPATION?

- Gives consumers options to manage and control electricity consumption and bills
- Allows electricity services to be delivered at lowest cost combination
- Enables informed consumer choices to support efficient investment and use of network and generation infrastructure



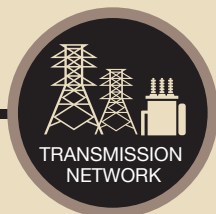
ELECTRICITY SUPPLY CHAIN

WHOLESALE MARKET
(Generators sell their power to retailers)

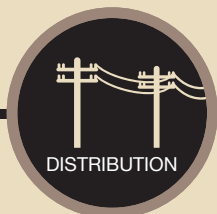
CONSUMERS



- Rewarding DSP in the wholesale market
- Allowing consumers to sell DSP actions to parties other than their local retail electricity supplier
- Clarifying rules regarding AEMO's role in demand forecasting for its market operational functions



- Reforming distribution network businesses' pricing principles and structures
- Improving distribution network incentives to utilise the value of DSP
- Providing appropriate arrangements for network businesses to recover the costs of DSP
- Review of existing processes for consumers to switch retailers so that they are more efficient
- Provided that a consumer's consumption is recorded by an interval meter, the consumer's retailer should be settled at the wholesale market price for the consumers usage, not the net system load profile of the local distribution area

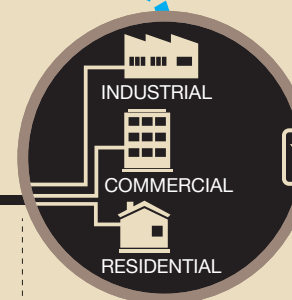


- Improving price signals to residential and small business consumers
- Providing appropriate options for vulnerable consumers
- Supporting consumers to understand time varying tariffs
- Facilitating the participation of third party service providers

METER



- Enabling consumers to separate their consumption for different uses
- Providing better arrangements to support private sector investment in metering
- Providing flexible metering arrangements to improve the range of ways consumers use electricity – see *AEMC Electric Vehicles Review* for more information



- Providing safeguards for consumers who may have limited opportunities to change their consumption patterns (ie vulnerable consumers)
- Providing a greater range of flexible pricing options to enable better rewards for managing use
- Enabling better access to consumption data
- Providing robust arrangements for how third parties (non-retailers and non-network regulated services) directly engage with consumers to offer DSP products and services
- Enabling consumers with distributed generation to sell their power to a range of parties
- Enabling better integration of energy efficiency government policies and DSP