

RC_2012_2 Relevant Demand of a Demand Side Programme

Submitted by

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Submission

1. Please provide your views on the proposal, including any objections or suggested revisions

Community Electricity notes that this Rule Change Proposal contains a Preliminary Assessment conducted by the IMO of the proposed change against the Market Objectives, which assessment was not available to the MAC session in which the proposal was supported. In particular, the IMO comments that there is scope for the Relevant Demand to be set inappropriately high (roughly doubling in the example quoted), which fact is not in accord with the impression conveyed to the MAC. On that basis, we do not support this proposal on the grounds that it would facilitate gaming of the Relevant Demand so as to maximise payment to the DSM provider and simultaneously decrease system security. We agree with the IMO, this is potentially inconsistent with Market Objective a) - economically efficient, safe and reliable production.

For completeness of assessing the proposal, we would further comment that we support the principle of transparently linking DSM payments to the Associated Loads regardless of the structure of the DSP in which they embedded. We note the IMO's concern that this potentially discriminates with respect to Market Generators, and in placing the emphasis on Associated Loads rather than the DSP is inconsistent with previous advice provided to an earlier session of MAC. However, we perceive that these latter points were comprehended by the recent MAC meeting and, in any case, we perceive them to be immaterial in comparison with the benefits. Rather, we perceive the issue to be that of fit-for-purpose administration, which we understand to be acceptable.

More generally, we also support development of a dynamic Relevant Demand in preference to the static approach.

2. Please provide an assessment, whether the change will better facilitate the achievement of the Market Objectives

On the basis of the IMO's commentary, Community considers that the Rule Change compromises Market Objectives (a) (to promote the economically efficient, safe and reliable production and supply of electricity by facilitating gaming of the Relevant Demand).

3. Please indicate if the proposed change will have any implications for your organisation, (for example changes to your IT or business systems) and any costs involved

Not applicable

4. Please indicate the time required for your organisation to implement the change, should it be accepted as proposed

Not applicable
