

Payments to cut electricity use prove a powerful idea

PETER HANNAM
ENERGY

ON A recent Tuesday, about 800 companies at 475 sites across the south and west of Western Australia agreed to cut electricity use for two hours that afternoon - and were paid for doing so.

Demand on WA's wholesale electricity market duly dropped by about 250 megawatts, roughly 6 per cent of capacity.

The demonstration was conducted by energy management company EnerNOC to show it can call on clients to cut demand - with four hours' notice - when needed to help the state's power sector handle demand spikes.

"In WA, demand-side operators are treated the same as a peaking plant," said Paul Troughton, EnerNOC's manager for Australia and New Zealand.

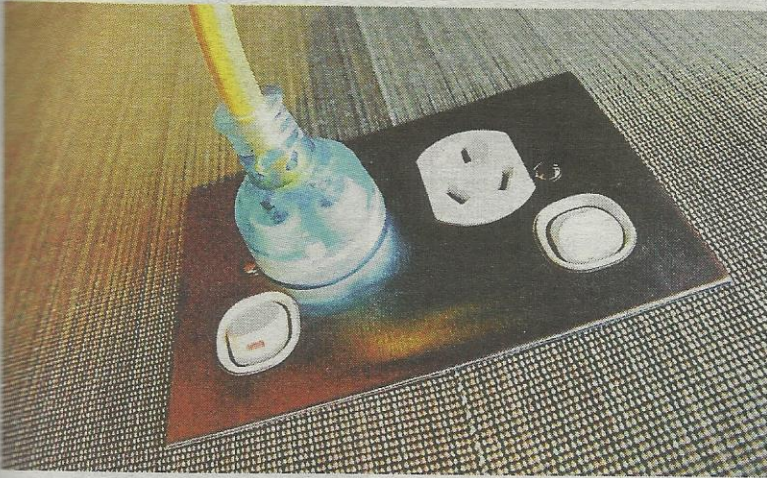
Annual payments to participants range from "thousands of dollars to the hundreds of thousands".

Paying companies to aggregate customers who are willing to cut power demand at critical times is starting to win favour in the eastern states.

The Australian Energy Market Commission's final *Power of Choice* report last month named demand-side participation as its top recommendation and last week's Council of Australian Governments meeting also gave it a tick of approval.

While the National Electricity Market serving the eastern states

EnerNOC showed it could curb use.



PICTURE: JESSICA SHAPIRO

won't operate quite the same way as WAs, the prospect companies will be permitted to bid so-called "negawatts" into the wholesale market is a big lure for some companies. "The opportunity in the NEM is among the most promising in the world," said Kenneth Schisler, a vice-president at EnerNOC, noting demand response accounts for less than 1 per cent of the National Electricity Market and as much as 12 per cent in WA.

"There's a heap of opportunity for uptake of demand response," said Matthew Forrest, the executive general manager of ERM Powers. ERM estimates that fewer than 100 sites now take part in curbing demand at call on the National Elec-

tricity Market, although other retailers are starting to prepare for expansion. "Opportunities are there to be grabbed now," Mr Forrest said. To get residential users to turn down airconditioners, in contrast with voluntary participation, would require "a very powerful deterrent" that many users would resist, Mr Schisler said.

EnerNOC, ERM and other rivals, though, may have to wait for authorities to act on the Australian Energy Market Commission's recommendation for boosting demand response in the wholesale market. Dr Troughton said that with political support, the expansion of demand response might come sooner than the July 2014 timetable being considered.