

NEW WHOLESALE DEMAND RESPONSE MECHANISM OPENS UP A HUGE OPPORTUNITY FOR LARGE ENERGY USERS

Electricity market modernisation has taken an enormous leap forward with the creation of a new demand response mechanism approved by the Australian Energy Market Commission, said the leading organisation representing large energy users in Australia, the Energy Users' Association of Australia (EUAA).

“This is a very exciting and welcomed development in the National Electricity Market (NEM),” said EUAA Chief Executive Officer, Mr Andrew Richards. “Up until now there has been very few tools to encourage flexibility in the NEM. This new mechanism creates an opportunity for large energy users to be able to respond to price signals in the market which has the potential to reduce costs for every energy user.”

The NEM has seen enormous growth in the number of peak demand events, the period in which large volumes of energy is required to meet everyone's needs. The cost of these peak demand events result in increased electricity prices overall. Reducing the peaks will put downward pressure on electricity prices.

“It is widely considered that our grid needs to encourage two-way trading and flexibility and this new rule implemented by the AEMC moves us another step along that trajectory,” said Mr Richards.

“The additional benefit is avoided costs of building unnecessary peaking generation which is very expensive, while creating greater competition in the market is a bonus.”

Large energy users that produce essential goods services used in the community every day are acutely aware of their energy consumption which, in some cases, adds up to \$1 million a day.

These companies have invested billions into a range of programs including energy efficiency, system upgrades, storage, renewable energy, demand response and many other measures with the aim of reducing energy consumption and costs. This new rule in the market creates another opportunity to further reduce consumption, emissions and costs.

The NEM is a critical electricity network that spans right up the and down the east coast of Australia and includes South Australia and Tasmania.

“The modernisation of our electricity market has some way to go but this is an exciting step forward that will drive huge changes across the system and pave the way for more measures to be introduced. We congratulate the AEMC on delivering this important reform,” said Mr Richards.

Large energy users employ millions of Australians and make many essential goods used by the community each day including glass, toilet paper, food, building materials, and packaging. Then EUAA represents around 100 very large energy users operating across Australia.

-ends-

Media Contact: Emily Wood 0421 042 121