

6 May 2012

The Committee Manager
Public Accounts Committee
Parliament House
Macquarie St
Sydney NSW 2000

Lodged by email: pac@parliament.nsw.gov.au

**NSW Public Accounts Committee Inquiry into the Economics of Energy Generation –
Questions on notice**

The Energy Supply Association of Australia (esaa) welcomes the opportunity to provide responses to the New South Wales Public Accounts Committee Inquiry into the Economics of Energy Generation. These questions were taken on notice by the esaa's Executive General Manager, Ms Clare Savage, at a hearing on 26 March 2012. We apologise for the delay in responding to the Committee.

The esaa is the peak industry body for the stationary energy sector in Australia and represents the policy positions of the Chief Executives of 38 electricity and downstream natural gas businesses. These businesses own and operate some \$120 billion in assets, employ more than 61,000 people and contribute \$19.3 billion directly to the nation's Gross Domestic Product.

Question on notice 1

Where do you think efforts should be concentrated for developing ways for households to save electricity? (p. 43, Mr John Williams)

There are a range of techniques that can be used to help households reduce electricity consumption. One of the best ways to achieve this is to improve the level and quality of information to consumers about ways to reduce consumption. By giving consumers the information they need about their own electricity consumption, energy saving products and energy saving tactics, they are empowered to make their own decisions about how to best manage their electricity use. In-home displays, energy efficiency ratings for appliances and building energy efficiency ratings are examples of such informational tools.

Other ways to provide an incentive to efficiently reduce electricity consumption would be to remove retail price regulation and allow for the introduction of more dynamic customer tariffs. These changes would provide a price signal to consumers that better reflects the cost of using electricity at different times of day. Tools such as smart meters and in-home displays will be needed to enable a transition to flexible time-of-use pricing.

Question on notice 2

In regard to the Beat the Peak campaign in Western Australia; was there a significant change in consumer behaviour as a result of that campaign? (p. 44, Mr Bart Bassett)

In 2007, market research on the campaign found that 83 per cent of the surveyed population recalled the messages in the campaign, and 29 per cent said that seeing the campaign changed the way they used energy in their home between 3 and 6pm.¹

In 2009, the 'Beat the Peak' advertising campaign encouraged the Perth community to 'set air conditioners to 24°C' in order to reduce peak energy consumption. According to Western Power's 2009 Annual Report, survey results indicated 99 per cent of residents recalled this message and one third of residents who saw the advertising believed they have changed their behaviour.²

Additionally, Perth's Solar City program which also seeks to address peak demand has found that:

- a trial of direct load control for air-conditioners reduced participants' energy consumption at peak time by 20% during the first year;
- customers who were provided with an electronic in-home display which shows their electricity consumption in real-time had an average 6.82% reduction in electricity use; and,
- a trial of time-of-use pricing showed a 10.9% reduction in use during the 'super peak' period.³

The esaa considers that while information campaigns such as "Beat the Peak" are essential tools in helping consumers understand their own energy use and how it affects the overall costs of the system, significant behavioural change will also require other tools such as direct load control and flexible pricing.

Any questions about these responses should be addressed to Kieran Donoghue, by email to kieran.donoghue@esaa.com.au or by telephone on (03) 9205 3116.

Yours sincerely



Matthew Warren
Chief Executive Officer

¹ http://www.westernpower.com.au/aboutus/mediaCentre/mediaReleases/2007/Beating_the_Peak.html

² Western Power 2009 Annual Report. Available at:
http://www.westernpower.com.au/aboutus/publications/2009_annual_report.html

³ Perth Solar City 2011 Annual Report. Available at: <http://www.perthsolarcity.com.au/annual-report/>