

# **Overview of Demand Side Response Discussion Paper**

DSR Workshop  
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## Context and Scope



### Context

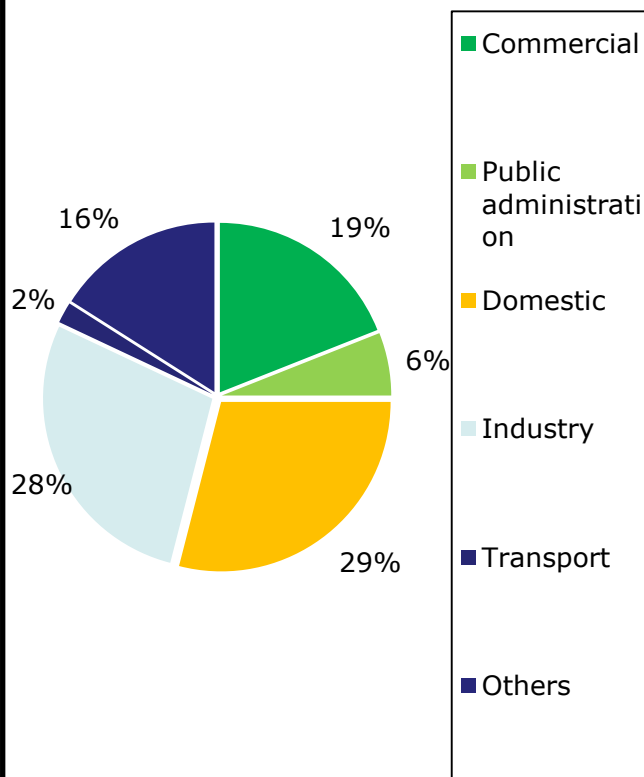
- Role of DSR highlighted in Discovery, Energy Market Assessment, Smart Grid Roadmap and Low Carbon Transition Plan.
- Likely to feature in Energy Market Reform.



### Scope

- Focus on electricity sector and shifting demand.
- Review of current response in GB, analysis of benefits and costs and identification of issues.

## Electricity Demand by Sector



## Current Demand Side Response

### Domestic

- Standard tariffs offer no incentive.
- Static TOU tariffs-about 20% on E7 tariffs.
- Trials underway and automated devices beginning to emerge .

### SME

- Similar to domestic product offerings for low energy users and bespoke contracts for higher energy users but limited information available.

### I&C

- Interruptible contracts.
- Triad management.

## Benefits and Costs

- Impact of shifting 5 to 10% peak electricity demand:

Daily wholesale cost savings	£0.4 to £1.7m
Daily carbon emission savings: base case	-850 tCO <sub>2</sub> to 2,200 tCO <sub>2</sub>
Daily carbon emission savings: gas price decrease, carbon price increase	800 tCO <sub>2</sub> to 2,550 tCO <sub>2</sub>
Annual capital cost savings	£129 to £536m
Annual network investment savings	£14 to £28m

- Costs include technology and infrastructure costs as well as costs and inconvenience of changing consumption patterns.

## Issues

### Consumer Issues

- **sharpening short-term price signals** for industrial consumers.
- addressing **limited financial incentives** to shift consumption.
- **improving awareness** for domestic and small business consumers.
- overcoming **difficulty in changing consumer behaviour and increasing discretionary demand** through **emerging automated technologies**.

### Industry Issues

- need for **DSR from consumers to be firm and aggregated**.
- need for a **more active role for networks**.
- addressing **barriers for suppliers in offering products**.

## **DSR discussion paper:**

**[http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?  
docid=39&refer=Sustainability](http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=39&refer=Sustainability)**

## **Thank you for listening**



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