LCN Fund Full Submission

Supplementary Answer Form

Tick if this answer is Confidential: ☐

Tick if this answer has been provided verbally: ☐

Project code:	NGT203	Question Number	**13**
Question date	17 September 2013	Answer date	19 September 2013
Submission section question relates to	2: Project Description		
Topic	DSR risk		
Question	Page 4 states that non-tariff DSR allows 'provision of DSR, without incurring risks [for the customer]'. Please explain why the risk profile is lower for customers for this method of DSR compared to tariff based DSR.		
Notes on question			
Answer	The risk profile is lower for customers that engage in the DSR proposed by ACE, compared to tariff-based DSR, for the following reasons: • While many customers will gain from taking up tariffs aimed at incentivising DSR, customers taking up these tariffs face a risk that their costs will increase. Some customers (e.g. those with high consumption at peak time and limited flexibility over the time of their consumption) could end up paying more for their electricity rather than less. • Customers taking up the ACE measures do not face the risk of higher bills. Participants that are able to provide the required DSR response have the potential to earn positive financial rewards either as individuals or as a community group. However, there is no risk of any financial loss for participants that are unable to provide the required DSR . In addition, there are no lock-in arrangements for the customer such as a fixed term contract. The customer can therefore withdraw from the trial at any time. This principle would carry forward into wider scale roll out.		
Attachments			
Verbal Clarifications (Consultants)			