

**NATIONAL CONSUMERS ELECTRICITY  
ADVOCACY PANEL**

**APPLICATION FOR FUNDS**

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|  | <b>DATE: 19<sup>th</sup> July 2005</b>  | <b>NO. (office use)</b> |
| <b>1.</b>  | <b>APPLICANT: (include parties who have come together to make this application)</b>   |                         |
| <b>1.1</b>   | <p><b>Aria Professional Services (Aria)</b><br/> <b>(Attention) Rick Maddox</b><br/> <b>129 / 80 The Pines</b><br/> <b>Elanora</b><br/> <b>Qld 4221</b></p> <p><b>and</b></p> <p><b>Property Council of Australia (PCA)</b><br/> <b>(Attention) Robert Walker / Sonya Jeffcoat</b><br/> <b>Level 3, 232 Adelaide St</b><br/> <b>Brisbane</b><br/> <b>Qld 4000</b></p> |                         |
| <b>1.2</b>   | Who are the end users represented by the applicant or the end users in whose interest the project would be carried out? Refer to criterion 2  |                         |
| <p><b>This application is for the :</b><br/> <b><u>“GOLD COAST HIGH DENSITY ACCOMMODATION DSM PROJECT”</u></b></p> <p>The end users will be high rise accommodation providers on the Gold Coast, predominantly hotels. These will be buildings with a variety of operational styles and management rights, and are likely to consist of hotel chains or individually/privately held premises. It is estimated that there are more than 40 such buildings in the Gold Coast region alone.</p> <p>The Gold Coast is currently Australia’s sixth largest city and its fastest growing with Tourism generating some 30% of its local economy. A recent survey of tourist accommodation suggests of the order of five new high rise towers have been built on the Gold Coast each year for the past four years. The growth rate of the Gold Coast is placing an increasing demand on electricity infrastructure and Southeast Queensland regularly experiences black-outs and brown-outs during periods of high demand during summer.</p> <p>A July 2004 report entitled Electricity Distribution and Service Delivery for the 21<sup>st</sup> Century (<a href="http://www.energy.qld.gov.au/electricity/panel_report.html">http://www.energy.qld.gov.au/electricity/panel_report.html</a>) explains how short term peak demands add to network costs. Short term peak demands can also lead to outages, with the costs ultimately borne by the end user. The report goes on to highlight the role demand side management measures can have in managing peaks and therefore ultimately help reduce cost of supply to the end user.</p> |   |                         |
| <b>2.</b>  | <b>PROJECT</b>  |                         |
| <b>2.1</b>   | Main elements which make project eligible under Criterion 1, including:   |                         |
| <b>2.1.1</b>   | Facts, information to be investigated.  |                         |

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A survey will be conducted to identify the barriers to implementing Demand Side Management (DSM) practices in Gold Coast high rise accommodation facilities. This will build upon and expand on investigations already carried out by the Gold Coast City Council (for example a 2004 Report entitled Barriers to Energy Efficiency).

It is proposed that targets will be those areas vulnerable at zone substation level (Aria proposes working in conjunction with Energex to identify such hot spots). It is expected that accommodation facilities in these areas may be interested in DSM for a number of reasons including the opportunity to increase security of supply and profitability through the sale of energy generated on site during peaks.

Facility management personnel will be interviewed with regard to their existing operational procedures, scope for flexibility in operating regime and any planned capital works programs that provide the opportunity to build in DSM initiatives. Upon completion of the project, the results will be disseminated to all participants in the survey, to Energex and the Gold Coast City Council. Since the results of this projects aim to improve demand side response in accommodation faculties it is expected that the findings will also be translatable across other participants in the NEM.

The project offers a unique opportunity to represent the market interests of a large electricity consumer base in a single sector (high density accommodation) and has been put together as four stages.

### Stage 1 : Preliminary Interviews and Prepare Issues Paper

Potential candidates will be contacted by phone and invited to participate in the research. A wide range of responses is anticipated, so a preliminary issues paper based on phone contact with each of the hotel engineers will be prepared. This will outline overall attitudes and typical management approach towards DSM matters. The issues paper will summarise key initiatives either undertaken or contemplated in each of the following areas:

- energy efficiency
- load switching
- distributed generation

### Stage 2 : Develop Survey Materials

Stage 1 findings will be used to inform the development of a detailed questionnaire which will identify:

- overview of management regime and decision making processes
- drivers for consideration of DSM initiatives
- barriers to DSM
- opportunities to remove / reduce barriers

A draft of the questionnaire will be submitted to the Property Council and Energex for comment prior to commencement of interviews.

### Stage 3 : Conduct Surveys

Face to face interviews will be held with all participants to maximise input. In most cases these will be held with hotel engineers at the hotel site and normally should be able to be completed in a single visit. Survey worksheets and notes of conversations will be held for each interview and made available at the completion of this stage.

### Stage 4 : Prepare Written Report

The written report will formally respond to the specific questions as set out in Section 1 above. Draft findings will be refined in consultation with Energex prior to finalisation, at which time a web ready version will be prepared for posting on the Property Council of Australia website.

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| <b>2.1.2</b>   | Provisions of National Electricity Code/market practice/design or policy behind code to be investigated.   |
| <b>Outcomes will include identification of opportunities for changes to the National Electricity Rules that improve end user flexibility and facilitate price signalling to consumers that bulk buy their energy in the contestable retail market. The program will also help identify how effective mandatory building code requirements are in reducing system demand and help ongoing assessment of opportunities for deferred infrastructure investment.</b>   |  |
| <b>2.1.3</b>   | Proposed Advocacy  |
| <b>As part of Stage 4, the study will seek to identify those aspects of the National Electricity Rules and other relevant electricity laws and codes that currently determine market behaviour and impede the adoption of DSM initiatives. Other factors that impact system demand such as council and statutory building codes and standards will also be reviewed with similar objectives. Recommended changes will be included in the final report.</b>         |  |
| <b>2.1.4</b>   | Inquiry, hearing or body to which submissions will be made.  |
| <b>Submissions will be made to Gold Coast City Council, Energex and the Ministerial Council on Energy.</b>   |  |
| <b>2.1.5</b>   | Deadline for submissions, if any.  |
| <b>No formal deadline for submissions has been identified at this stage, however there will be ongoing liaison with target bodies for advocacy to identify relevant timelines for submissions should they arise. In particular this applies to the MCE energy market reform process where dates for actions set out in the User Participation Policy Statement are currently being reviewed.</b>   |  |
| <b>Subject to approval of this application by 31<sup>st</sup> August 2005, it is proposed that this project be completed by 31<sup>st</sup> December 2005.</b>   |  |
| <b>2.1.6</b>   | Has any inquiry, hearing or body already dealt with the issues in this project or similar issues and if so when? If so set out any new facts or circumstances why it should do so again. |
| <b>To date regulatory review has largely focused on the supply side of the energy market. The evolution of the market from a single government owned, regulated asset base means that energy suppliers have traditionally had little incentive to promote DSM (as retail sales have determined profit) and this had resulted in poor education, a lack of technological solutions and a regulatory environment that remains skewed in the suppliers interests.</b> |  |
| <b>2.1.7</b>   | Any other main elements.   |
| <b>2.2</b>   | Purpose to be achieved by project, including any output not already mentioned.   |
| <b>The project team will use pre established industry and environmental networks at Local, State and Commonwealth level to disseminate the results as widely as possible.</b>  |  |
| <b>2.3</b>   | Name any beneficiaries of this project, other than end users mentioned above, eg in other sectors of electricity industry.   |