

13 June 2002

Mr. Eric Groom  
Chief Manager, Energy & Other Industries  
IPART  
Level 2, 44 Market Street  
SYDNEY 2000

Dear Mr Groom,

### **Inquiry into the Role of Demand Management**

I refer to the recent release of IPART's interim report titled "Inquiry into the Role of Demand Management and Other Options in the Provision of Energy Services" dated April 2002.

It is with pleasure that I acknowledge the considerable research and effort that has gone into preparing the Interim Report and the effort to encourage greater use of demand management by NSW electricity market participants.

The Ministry is a strong supporter of Demand Management and the potential benefits it offers in the areas of allocative efficiency and environmental outcomes. I believe there is a close connection between the Report and the Demand Management Code of Practice for NSW Electricity Distributors, which was approved by the Ministry in August 2001.

In this regard, the Ministry notes that the Interim Reports supports the DM Code and its further development. In particular, the concept of 'standard offers' is supported.

At the time the Ministry approved the DM Code, it was recognised that there was further scope for such development. Accordingly, the Ministry's approval was made conditional upon the review of the Code within 18 months. Subject to further consideration, the most effective and efficient way forward may be for the Ministry to reconstitute the working group responsible for the current DM Code with new terms of reference to examine the scope and potential for incorporating the concept of standard offers.

I would support further work in this area and believe that some specific case studies would highlight the practical issues facing the implementation of demand management projects.

I look forward to the final report later this month and welcome the opportunity to work with the Tribunal on taking this matter forward at the appropriate time.

Yours sincerely

Brian Steffen  
Director General  
Ministry of Energy & Utilities