

CHAPTER 8

DEMAND SIDE MANAGEMENT

8.1 INTRODUCTION

The role of the electricity distribution utilities with regard to demand side management (“DSM”) has not as yet been examined. Also, substantive issues may arise from the monopoly “wires only” entity’s involvement with DSM programs as well as with its relationship to the unregulated electricity sector’s business. The question on how DSM will be delivered in the restructured electricity industry requires better understanding. Furthermore, consultation is currently on-going toward the development of guidelines with regard to section 71 of the Act¹.

The above issues surrounding DSM need to be reviewed before DSM principles, programs, and mechanisms can be incorporated into a PBR regime for the electricity distribution industry.

Therefore, appropriate considerations of DSM will be included in the review for second generation PBR.

8.2 DSM IN FIRST GENERATION PBR

Electricity distribution utilities that currently have active DSM programs are encouraged to continue to offer these programs until such time as the guidelines regarding the appropriate business activities of the distribution utilities and the role of DSM are established.

Further, subject to the business activities guidelines and role of DSM issues discussed above, distribution utilities that wish to introduce DSM programs for first generation PBR can do so as long as the costs of these programs fit within the price caps.

¹ Section 71 of the Act is not yet proclaimed.