

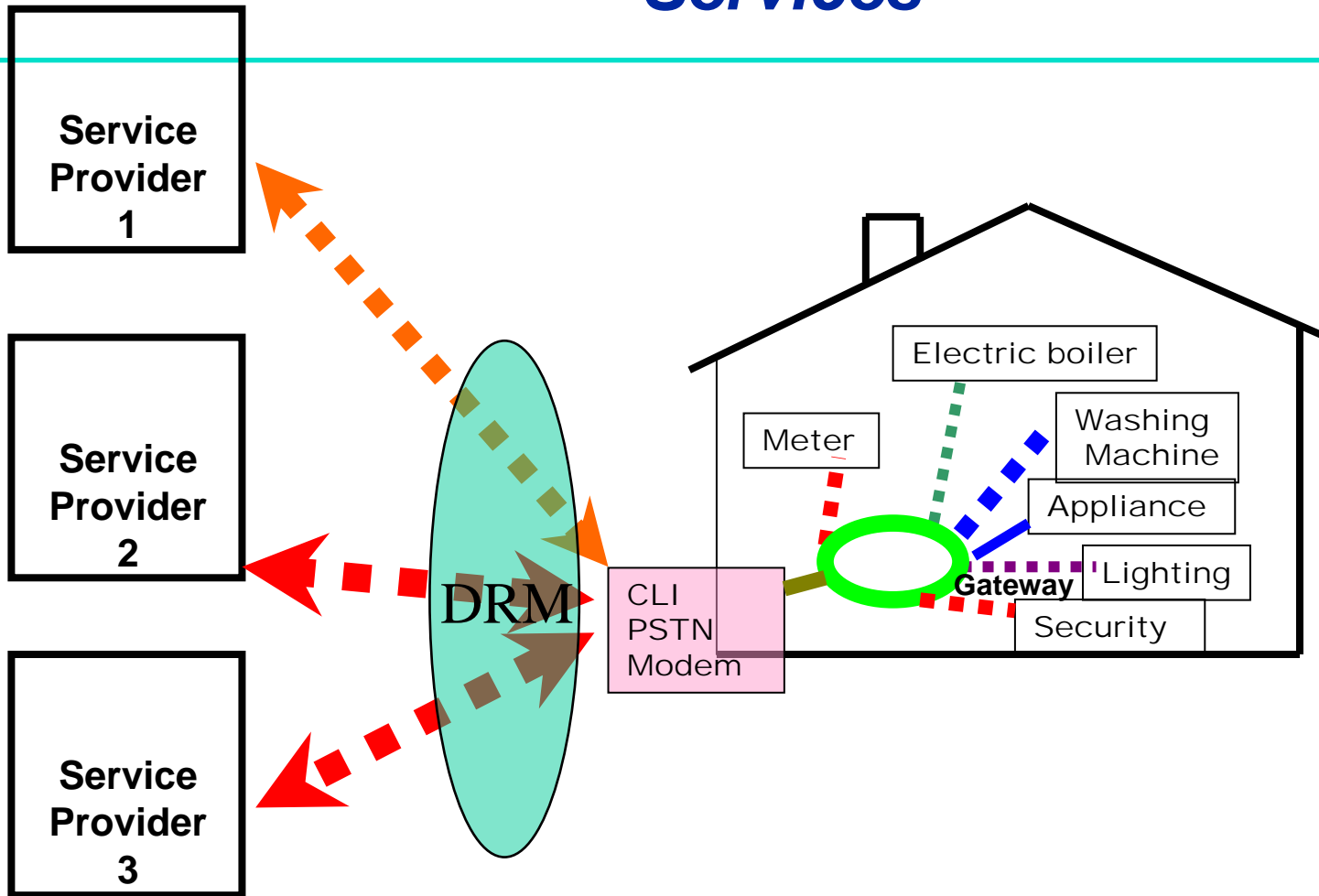
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# ***Future of DSM in Competitive Markets***

**Richard Formby**

**IEA DSM Workshop, Graz, Austria  
October 2002**

# Networked Home Customer Services



# *New operational framework for DSM*

- **Supply and network completely separate**
- **Supply business energy purchase benefit from DSM**
- **Network business benefit difficult to involve in DSM equation**
- **Growth of embedded micro generation (fuel cells, PV, CHP)**

# ***New operational framework for DSM***

- **Matching demand to local generation capacity**
- **Distribution networks become active like transmission**
- **DSM an essential part of energy sustainability and supply management**

# Domestic Scale Micro CHP



# ***Political/regulatory framework for DSM***

- **Governments impose DSM obligations on supply businesses**
- **kWh volume cap on supply businesses**
- **Certificate trading via ESCOS**
- **Support for renewables**
- **Governments impose efficiency standards for applications**
- **Governments promote energy saving**

# ***Implementation framework for DSM***

- **“Taxation” support for obligations on suppliers**
- **“Taxation” support for “renewables”**
- **Households pay for higher efficiency standards**
- **“Taxation” support for energy saving promotion**
- **Energy is now lower cost item**
- **Majority of people aware of environmental issues**

# *Implementation framework for DSM*

- **Less aware of energy linked to environmental issues**
- **Less aware of their use of energy linked to environmental issues**
- **Less aware of what they individually can do to influence environmental issues**



# *Implementation framework for DSM*

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- **How can DSM flourish in this environment?**
- **How should DSM position itself?**

# *Non optional and optional DSM*

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## **Non Optional DSM (at point of delivery)**

**How much can Governments increase standards and regulations and costs to force and subsidise energy saving? (building regulations, energy ratings)**

# ***Non optional and optional DSM***

## **Optional DSM (at point of delivery)**

**How to encourage and motivate individuals to save energy?**

- **Accept lower temperature**
- **Accept slight inconvenience**
- **Pay extra for energy efficient devices**
- **Reduce lighting**
- **Better planned cooking schedules (inconvenience)**
- **Invest in additional insulation/glazing (cost)**
- **Invest in heat recovery (cost)**

# *Non optional and optional DSM*

- **Condensing boilers**
- **CHP**
- **etc**

**Asking for reduced lifestyle/convenience. Needs very strong message**

- **Education**
- **Incentives**
- **Information**
- **Reward**

# *Future of DSM*

- **How much “Taxation” led DSM is acceptable?**
- **What methodologies and information processes will motivate individuals to consider environment when operating switches (food and weight)?**
- **What is the balance between optional and non optional DSM?**