



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

Winter Peak Demand Reduction Scheme 2005/2006

Consultation Paper

CER/05/129

1st September, 2005

Background

The Winter Peak Demand Reduction Scheme (WPDRS) was established in 2003 to encourage medium and large electricity customers with on-line quarter-hour meters to reduce their peak winter consumption and demand¹.

The WPDRS, operated by ESB National Grid, and approved by the Commission, encourages participants ('designated customers') to reduce their peak demand and consumption from determined typical usage and demand levels during the peak hours of 17.00 to 19.00 on selected business days during the winter months of November to March. Participants are rewarded for demand and consumption level reductions via payments based on pre-approved demand reduction and peak consumption reduction rates. Participants commit a week-in-advance to reducing their demand and peak consumption levels. Customers who reduce their demand and consumption according to their committed levels are rewarded. Customers who significantly deviate from committed levels do not receive payments, or receive a lower payment. Payments are made to participants by their respective supplier.

The proposed WPDRS rules published with this consultation give a full description of the payments for this scheme as well as the criteria which participants must meet in order to qualify to receive these payments.

Consultation Timelines

Timelines for publication and approval of WPDRS rates and rules for 2005/06 are as follows:

CER approval for publication of ESBNG's proposed rules	-	late Aug.
Customer workshops	-	early Sept.
ESBNG submission of proposed rates to CER for approval	-	mid Sept.
End of consultation period	-	mid Sept.
CER approval of rules and rates	-	early Oct.
Closing Date for applications	-	mid-Oct.

Baselines, benchmarks and application forms will be available in late September.

¹ A separate Scheme operated by ESB PES, known as the Winter Demand Reduction Incentive (WDRI), has a similar aim to WPDRS and operates at a similar time of year.

WPDRS Rules 2005/06 – Minor Changes

Overall, the proposed rules published with this paper are equivalent to those which applied for the winter of 2004/05. However a small number of minor administrative changes have been proposed for 2005/06. These are as follows:

- Change of name of ‘Energy Payment’ to ‘Profile Payment’

As the ‘Energy Payment’ (which rewards customers for reducing their energy consumption) does not pay customers for energy (not consumed), a more accurate name for the payment would be ‘Profile Payment’². Qualification criteria for payments made under this payment would remain unchanged.

- Submission of ‘Committed Level Variation’ Forms & Deadline for Notification of ‘Committed Levels’:

Under existing WPDRS rules, customers commit a week-in-advance to reducing their peak demand and consumption, as opposed to just committing to decrease their peak usage/demand from day-to-day. This rule is in place to achieve demand and consumption reductions which are predictable and consistent.

Under current rules, customers are required to commit to certain demand and usage levels at peak times on the Thursday before the week in question. For example, customers have to commit to certain reductions for, say, Monday 14th November to Friday 18th November by the close of business on the Thursday of the previous week. This rule will remain in place for the winter of 2005/06.

However, this year, once a customer has submitted a ‘Committed Level Variation’ for a particular week, they may **not** subsequently revise that level, unless they are eligible to submit an ‘Emergency Committed Level Variation’³. In addition, suppliers are required to submit an Excel spreadsheet which will summarise any changes to ‘Committed Levels’ by their customers in a given week together with any ‘Committed Level Variation’ forms received during a week – again not later than two business days prior to the week in question. This minor change appears on page 4 of the WPDRS Rules published with this document. It should be noted this is an administrative change and that customers still have the flexibility to change their ‘Committed Level’ every week.

² The ‘Energy Payment’ rewards customers for reducing or/and shifting their energy consumption or increasing on-site generation. However this is not the same as paying these customers for that energy. Some customers may, for example, use the same amount of energy albeit outside peak periods – they may shift usage from the 17.00 to 19.00 period to, say, two hours earlier in the day. What it does is reward customers for flattening or altering their usage profile. Therefore, a more apt name for the payment is ‘Profile Payment’.

³ Rules governing the submission of ‘Emergency Committed Level Variations’ are outlined on pages 4 and 5 of the WPDRS Rules published with this paper.

The supplier spreadsheet requirement has been included to facilitate weekly summaries of Committed Level Variation changes.

- Holiday Period:

An additional proposed change is that the Christmas week (i.e. 26th December to 30th December 2005) is excluded from the scheme this year.

Next Steps

As outlined above, WPDRS rules and rates for the winter of 2005/06 will be approved and published by the Commission in early October 2005. These will apply from November 1st 2005.