

ELECTRICITY — DEMAND MANAGEMENT

**30. Mr P. ABETZ to the Minister for Energy:**

I read with interest an article in the weekend media regarding the use of demand side management from the Western Australian electricity market and claims by those opposite that its removal will increase electricity prices. Will the minister please set the record straight for us?

**Dr M.D. NAHAN replied:**

Thanks very much for the question. First, demand side management has been around for a long time. It is essentially a good program. At peak times, firms, if they agree, are called on to reduce electricity. That avoids producing more electricity. It has been going on since the 1980s. That is okay. They were paid by the amount of energy they avoided. Most of the time it is turned down, they do not save any energy; they actually turn their diesel generator on. That is beside the point. Labor's change of markets 10 years ago added a different twist to it; that is, they allowed demand side management, not paid by energy produced but by energy prompts, if called on. It also significantly increased the price. More importantly, they left it up to the Independent Market Authority, which allowed demand side management to grow from about 20 megawatts to over 500 megawatts. The real issues are: Does it work? Does it save energy? Does it save costs? It turns out that for this new type—paid on a promise—no. They have received \$429 million from electricity consumers and taxpayers, and have been called on eight times. If I delete the number of times they were called on to test whether it works, it is two times. That is one reason we have had very high increases in electricity prices and high levels of subsidies. I undertook a review to look at how it should be priced and how much it should be. The member for Cannington and I debated this last October. He was really onside me closing it down; in fact he screamed out, "Stop paying them! Stop it. Don't do it. Don't pay them anymore!" He yelled across the floor, "Stop it right now."

He was defending electricity consumers and taxpayers. I said that I was going to go through a review. It has a good concept. It depends on how it is paid and for how much. I was shocked recently when I found out that the member for Cannington had done a 180! He supports it. He said, "Defend demand side management." I asked, "What happened? Why has there been a change?" I checked his Facebook—I do not look at it very often—and then I saw it.

Several members interjected.

**Dr M.D. NAHAN:** When the member was on his jaunt around the world, he went to Boston and visited with the large American multinational EnerNOC, which is running this campaign. It is spending \$10 million on a campaign to defend DSM. I know why EnerNOC is doing that, because if I were getting \$37 million a year to do nothing, I would support it too. Why has the member for Cannington done a 180-degree turn? Why did the member for Cannington say, "Stop it" and why is he now saying, "Defend it"? Why is he doing this? I ask members that question. Maybe he likes \$10 million being spent to campaign against the Liberal Party. Maybe he is on a marginal seat campaign. But do you know what? He is supporting a foreign multinational that is participating in Western Australia's politics and is spending \$10 million to continue to rip off Western Australian electricity consumers. He is selling out to Western Australian taxpayers and electricity users. That is the Labor Party.

Several members interjected.

**The SPEAKER:** That question is finished.