

**STRATEGIC PLAN FOR THE
IEA DEMAND-SIDE
MANAGEMENT PROGRAMME
2008-2012.**

CONTENTS

INTRODUCTION	3
THE IEA DSM-PROGRAMME, RAISON D'ÊTRE.....	4
VISION.....	4
MISSION.....	5
OBJECTIVES.....	7
ORGANISATION OF THE PROGRAMME.....	7
PROGRAMME PRODUCTS.....	7
NATIONAL BASE AND DISSEMINATION OF PRODUCTS.....	8
MANAGEMENT AND RESOURCES.....	9
FINANCIAL STRUCTURE.....	9
OTHER RESOURCES, ALLIANCES.....	10
APPENDIX 1; CLUSTERS AND POSSIBLE FUTURE WORK	11
LOAD SHAPE AND LOAD LEVEL.....	11
POSSIBLE FUTURE WORK.....	12
APPENDIX 2 – TAKS OVERVIEW	16
APPENDIX 3 – MARKET OPPORTUNITIES AND BARRIERS VS PROGRAMMES STRENGTHS AND WEAKNESSES ...	17

STRATEGIC PLAN FOR THE IEA DEMAND-SIDE MANAGEMENT PROGRAMME 2008-2012.

INTRODUCTION

Demand Side Management (DSM) was widely discussed in the 1980's as the alternative to supply side "overspending" in energy systems. In the US DSM was carefully regulated with detailed procedures for investigating cost-effectiveness, rate-impact, programme deliveries, availability for different groups of customers. Public Utility Commissions had hearings with advocates from both sides. Outside the US the application was in most countries less formal but the basic idea was the same; that the least-cost option for the energy system performance should be chosen when more supply or less demand were compared on equal terms.

The "Negawatthour" (NWh) was made the conceptual alternative to the Megawatthour (MWh). The solutions were focusing on two issues, one was to reduce the demand for energy (conservation) and the other was to shift demand from peak periods to off-peak periods (load-management). Both measures motivated by a concern for resource optimisation.

Energy economics is no longer the only market or policy driver that it was when the IEA DSM Programme began. Environmental concerns, global climate change and grid/system reliability and security have become even more important market and policy issues. Awareness and concern among business-actors, decision-makers and in the public has grown tremendously. In addition technology opportunities are developing and allow more sophisticated means to apply intelligence and communication in the power systems and also to make use of small scale renewable resources in solutions integrated with DSM.

Market liberalisation has also changed the conditions and DSM has developed accordingly. Subject to the circumstances of market and regulatory regime this change has been different in the different countries of the world. The basic idea and its implementation, however, is evolving due to new technological possibilities and to requirements regarding energy security and environmental sustainability of systems.

Energy Efficiency remains and grows in importance, having the most economic and greatest potential to reduce costs and environmental impact, but also "cursed" with being invisible and delivered in small packages. To overcome these problems, ***DSM is a deployment concept*** for energy efficiency whereby the small resources are aggregated into larger programmes to make the needed impact and to make the "product" visible and attractive both to governments, industry and customers.

In the 21st century, with the imperative demand to create sustainable energy systems in order to prevent climate change and at the same time to provide for more welfare to more people, DSM has to be re-invented as a tool. In doing so, we will certainly also find that wide application of DSM fosters more efficient and more innovative energy technologies for global markets.

THE IEA DSM-PROGRAMME, RAISON D'ÊTRE.

Demand Side Management (DSM)¹ refers to all changes that originates from the demand side of the market in order to achieve *large scale energy efficiency improvements by deployment* of improved technologies. Depending on market organisation in each country such changes *involves different actors*. In many cases the utilities play an active role.

The IEA Demand-side Management (DSM) Programme is responsive to the energy policies, programs and market needs of the participating countries, and as they continue to change, so must the Programme change. Since the DSM Programme began in the early 1990s, the energy sector has changed dramatically in many participating countries but *the vast potential for improvement on the demand side remains largely untapped*. The IEA DSM Programme is neutral to the structure of the energy sector and remains prepared to deliver the research requested to suit the needs and interests of participants. To do this the Programme must closely follow the *developments of the market from both a government and business perspective* as well as track the changing stakeholder situation.

Working on the demand side is more important than ever. Deployment of the technologies is a key issue for success. There is a definite need to consider with whom and how in order to address *more appropriately the stakeholders that can make a difference, be they governments, agencies, industry, end-users, utilities or NGOs*.

A global exchange of experiences is of great importance in order for countries to develop both models for implementation that facilitates trade across borders and create a base for facilitating/enabling technologies to be developed, produced, shipped and used in a way that improves their performance and makes the cost for the applications acceptable. **The IEA DSM-Programme can provide such a global platform for development.**

VISION

The main issues for countries participating in the DSM Programme are:

1. **Security of supply**

For security of supply, it is important to have measures, such as “demand response”, to reduce peaks and/or level loads over a time period. Reducing energy demand is also a means to diversify supply since it is easier to find alternative supply for a lower level of demand and thereby being less dependent on large generation and distribution systems. Distributed generation could be a solution to a “demand side problem” and should be considered in achieving the goals of a Least-Cost system.

2. **Reduction of green house gas emissions**

Reducing the demand and/or shifting demand from a system supplied with a carbon-intensive fuel to a “carbon-lean” system is a way of achieving environmental targets notably the climate targets that are codified in the Kyoto Agreement.

¹ Countries have different terminology for DSM-measures and the IEA DSM-Programme tries to cover them and address them correctly. We work with both Energy Efficiency measures that affect the load level and with Load Management measures that motivates and requires Demand Response to affect the load shape and especially the peak load. See also Appendix 4.

The DSM toolbox holds the necessary tools for both these issues and can:

- **Reduce the demand peaks**, especially when utilisation of power comes close to its limits of availability
- **Shift the loads** between times of day or even seasons
- **Fill the demand valleys** to better utilise existing power resources
- **Reduce overall demand (strategic saving)** in the context of delivering the required energy services by use of less energy (and not a reduction in services).
- **Provide strategic growth** especially to shift between one type of supply to another with more favourable characteristics, for example, in terms of the environment

Accordingly, the vision of the IEA DSM Programme during the period 2008-2012 is that:

Demand side activities should be active elements and the first choice in all energy policy decisions designed to create more reliable and more sustainable energy systems².

MISSION

The DSM-Programme should deliver appropriate and enabling tools for its participants to fulfil the vision.

Countries have chosen different ways to organize their energy markets. Market and actors are nowadays more fragmented, and in many cases with a less defined responsibility for the complex whole. The execution of DSM-activities must involve new actors and make use of new technologies. In many countries there is a wish to make use of DSM in more commercial terms and to ensure that delivery of services can be commercially adapted.

Regardless of the organisational structure there is a need for **countries to develop a regulatory regime that appoints responsibility for resource adequacy**.³ Such control of the ability to handle systems may deliver the following benefits:

- **Less Price Volatility** by improving short term price elasticity
- Improved **System Reliability** by reducing peaks and adding to safety margins
- Enhanced **System security** by reducing dependency on vulnerable supply resources
- Improved **Restoration capacity** by dispatching in/after emergency situations
- **Less costly network reinforcements** since energy efficiency measures will be active alternatives
- **Distributed generation** as alternative to transmission lines.
- Improved **operation and use of flowing renewable** sources
- **Elastic response** as complement to competition

Countries should also be able to **make assessment of the least-cost delivery of energy**

² Explanatory note: *Demand side options have to be expressed in terms of, and made available as, equal to supply side options in order to facilitate a comparison. An energy system with a low demand requires less energy and facilitates the expanded use of renewable energy. The lower demand and the greater use of renewable resources should be promoted as a way to arrive at sustainable supply.*

³ The Load Shape perspective

services that includes both the demand and supply side⁴, which may deliver the following benefits:

- Clear market conditions for **energy service companies** and performance contracting
- **Allocation of commitments and obligations** that mobilises the appropriate set of tools, e.g. “White Certificates”
- **Organisation and targeting of support programmes** for energy efficient products
- Improved allocation of **obligations for reduction of GHG emissions** between sectors and countries
- Improved use of **market communication mechanisms**, e.g. standards and labels
- Input to how further **research and support** mechanisms should be distributed among actors.

Closely linked to the issue of how DSM should be used, and by whom, is the overriding question: “How can DSM-measures be designed to deliver the substantial amounts of improvements necessary for fulfilment of the policy goals?”

Large scale energy efficiency requires well co-ordinated deployment measures and programmes. Therefore, some of the issues to be considered are then:

- **Impact.** The capacity for **DSM measures to deliver** what they promise.
- **Actors and actor relations.** Who are the new actors and what are their roles, including utilities, municipalities, agencies, regulators, ESCOs and of traditional companies working with installations and buildings.
- **Marketability of DSM.** Can DSM measures be a commodity?
- **Customer response.** **How to** design attractive incentives.
- **Portfolios of measures.** What measures, such as standards, labels, tariffs, fiscal measures, information, and audits should be used, when and in what combinations?
- **Technologies.** How suitable are DSM technologies and how do they apply in different situations.
- Other forms of energy. Is DSM applicable for **energy supplies** other than electricity? Should distributed generation be covered as a DSM measure?
- **Endurance of DSM measures.** Will DSM measures last and will the market change towards use of more efficient technology.
- **Capacity Building** to make use of experiences and “best practice” achievements

Therefore, it is the Mission of the DSM Programme to:

Deliver to its stakeholders, materials that are readily applicable for them in crafting and implementing policies and measures. The Programme should also deliver technology and applications that either facilitate operations of energy systems or facilitate necessary market transformations.

⁴ The Load Level perspective

OBJECTIVES

The Programme has two major objectives directed at its two major stakeholder groups. The Programme will provide to:

- (a) **governments** of the participating countries, increased capabilities to develop policies and programs for more effective use of DSM and energy efficient products⁵ and to*
- (b) **energy businesses**, the information and tools necessary to create new cost-effective products and services in response to domestic and global opportunities.⁶*

But the Programme should also enable access to information to

- (c) **stakeholders** that advocate energy efficiency and sustainable energy systems arguments and knowledge about the opportunities.*

ORGANISATION OF THE PROGRAMME

To promote synergy and increase impact, the Programme will structure its activities into two clusters, depending on the potential or desired impact on the load curve of the energy system (see also appendix 1 for further details and views on the cluster organisation).

- **Load Shape Cluster**

This cluster will include Tasks that seek to impact the shape of the load curve over very short (minutes-hours-day) to longer (days-week-season) time periods. Work within this cluster primarily increases the reliability of systems. See Appendix I.

- **Load Level Cluster**

This cluster will include Tasks that seek to shift the load curve to lower demand levels or shift between loads from one energy system to another. Work within this cluster primarily targets the reduction of emissions. See Appendix I.

The Tasks in each of the clusters will be managed by the Programme's Executive Committee as a group. Tasks within each cluster will be closely coordinated to build upon the relationships in sharing their results and in addressing similar target groups. It will also be possible for the ExCo to concentrate its management attention on each cluster at subsequent ExCo meetings.

It should also be possible to handle the financing for new work more rationally with the better overview provided by this clustering and with the synergies between the Tasks in each cluster made clear.

PROGRAMME PRODUCTS

With the aim that the Programme should deliver more readily available products to be used and

⁵ Government includes administrations, authorities, regulators etc and their associations.

⁶ Energy businesses include system operators, transmission and distribution companies, brokers, wholesalers, utilities and their associations. Suppliers of "enabling hardware and software technologies" are included in this category.

implemented, it is necessary to develop a range of products that could suit several categories of users and that could be developed and delivered in sequence during the work of a Task. The Programme's products will include:

- Reports from the ongoing work (Minutes from Experts meetings, compilations of presentations, questionnaires, etc)
- Publications of results (analysis, overviews and conclusions that might be accompanied by background material, etc.)
- Articles for professional journals
- Workshops and presentations at workshops and conferences
- Forums for dissemination and/or discussion with possible users, customers, decision-makers, etc.
- Growing pool of individuals and organisations in each country that develops new expertise in DSM issues and solutions
- Databases
- Software for calculations, simulations, etc.
- Training seminars and courses
- Award of Excellence to be delivered once a year to a company or a product that facilitates DSM.

Each of the Tasks must carefully plan how their work can be made available to their stakeholders by integrating several of these products and also by continuously reviewing how dissemination can be improved. The Operating Agents should explicitly state what products they intend to deliver and preferably do so in a special dissemination subtask that will be an integral part of their work.

NATIONAL BASE AND DISSEMINATION OF PRODUCTS

The new business structure that has emerged in the energy sectors in the participating countries makes it more difficult to formulate priorities and to target results. Many actors in the energy arena today have a new business, new objectives and new structure. It is therefore highly recommended that each participating country form a **DSM-user group** and involve them in the work of the IEA DSM Programme. Who actually should participate and in what form is highly dependent on each country's specific situation.

The following stakeholders could participate in these national groups:

- Utilities
- Regulators
- National, Local and Regional Administrations and Agencies
- Industry and Trade Associations
- System Operators
- Customer Organisations and larger Customers
- Universities
- Research Bodies
- Journalists.

The DSM-user groups should be used to provide input during the Task definition phase, to review work in progress and to disseminate the Task results. These groups could also provide their priorities to the ExCo when new Strategic Plans are developed. They could also assist in providing experts and possibly providing or finding funding or sponsorship. They could also propose nominations to the Award of Excellence.

EXCO members and their national experts in each country are asked to form such a user group and consult with it on a regular basis in preparation for EXCO meetings.

MANAGEMENT AND RESOURCES

The Programme's work will continue to be based on traditional approaches where resources are provided by cost-sharing and/or task-sharing.

FINANCIAL STRUCTURE

As before, the work to be done in this Programme must be financed by the participating countries. There is still a need for common funding of activities such as preparation of ExCo meetings, administration of the Programme, and for the dissemination of Task results. Over the years, this administrative burden has grown since the IEA Secretariat requires more and more products (strategies, reports, etc) and delivers less and less support (such as legal advice, desk-officer support etc). The common fund increasingly has to be directed to operations rather than adding value to the programme itself.

Sponsors: Trade associations and companies from both participating and non-participating countries should, if appropriate, be encouraged to become sponsors of the Programme based on the new IEA-principles for Sponsoring Organizations. These sponsors will be expected to participate in the Tasks of the Programme. The sponsors should have an equal right to define the Task work plan, to assess the progress and to review and approve Task reports. The common fund payment for a sponsor should be the same as that of a participating country. Sponsors will also be expected to provide cost sharing funds and task sharing experts the same as any participating country. It is also proposed that if sponsors so wish and it is within the capacity of the Task work, they should have the right to special presentations e.g. for their staff or any other group that they want to target, provided they cover the associated costs.

The recruitment of sponsors is an ongoing process where we are aiming for specifically four categories:

- Industry that manufactures and market specific technologies for DSM, such as metering and related enabling technologies
- Industry that has an intermediary role to make DSM-work, such as transmission companies but also regulators and System operators

- Utility associations that gathers information and promotes utility business including DSM activities
- Utilities that undertake DSM programmes in their countries

OTHER RESOURCES, ALLIANCES

Activities all over the world to improve energy efficiency and to have large scale deployment of technologies have increased notably. The DSM-Programme is therefore seeking collaboration with entities that have similar ambitions and where our comparative advantages could complement each other. This may not have to be countries but also organizations such as REEEP, CIGRE, the World Bank, IFC, ELI etc.

Co-operation on basis of recognition: If the benefits justify the effort and mutual interest exists, specific co-operation with other interested parties, based on Memorandum of Understanding (MOU) and in-kind contributions will be encouraged. This could add to the networking and dissemination capacity of the Programme.

Co-operation within the IEA: There will also be a need to develop a closer co-operation with the IEA Building Related Programmes gathered within the Buildings Coordination Group (BCG) as well as with other relevant Programmes.

It is also important to improve co-operation with the IEA secretariat. The Programme can thereby bring its expertise together with the convening power and dissemination capacity of the Secretariat. This co-operation should be based upon the following principles:

- The Programme has access to experts in the DSM area that could, if desired, make recommendations to the Secretariat on technology development and policy action matters.
- The Secretariat has dissemination capacity to government policy levels both on a regular basis and at certain specific occasions as well as a dissemination capability for products. This can be accessed for mutual interest of the Programme and the Secretariat to highlight important issues.
- The IEA as a body has a “convening power” in its status and its name that can be used to gather parties from different communities to discuss solutions to special problems.

The DSM-Programme has suggested several topics for the IEA secretariat for gathering of conferences and/or workshops and also for producing common publications and papers.

APPENDIX 1; CLUSTERS AND POSSIBLE FUTURE WORK

LOAD SHAPE AND LOAD LEVEL

There is a need to change the load shape (peaks and valleys) and to change the load level (conservation and growth).

Whereas in the old days the objectives were formulated from the utilities need (and wish) to get a more flat and predictable load curve, the task today is to serve both the supplier and the societal needs. The task is to keep the energy system working and to prevent black-outs by reducing energy demand growth, *but also* to shift from carbon-fat to carbon-lean systems, as illustrated in the figures below

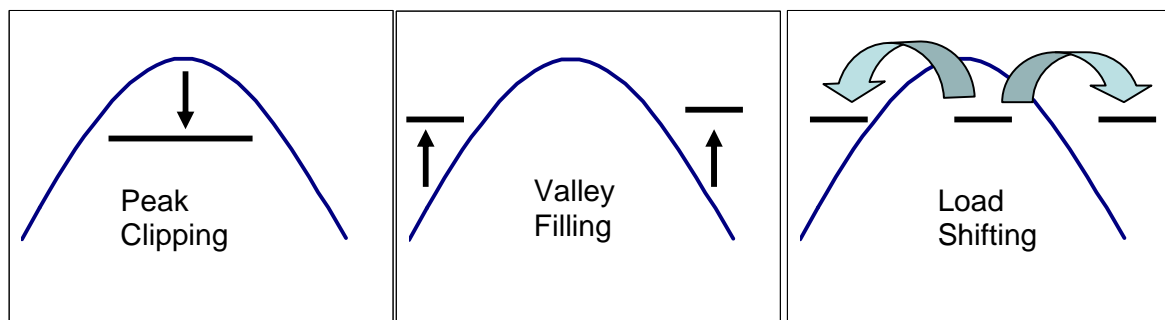


Figure: Load Shape changes. (Adapted from Clark Gelling, speech made 1982)

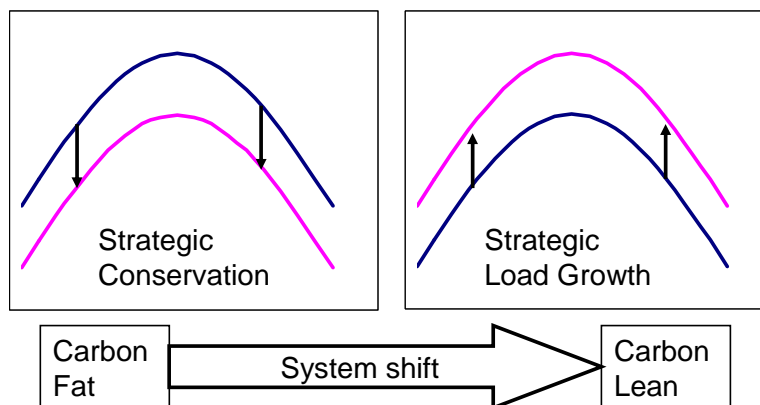


Figure: Load Level changes (Adapted from Clark Gelling, speech made 1982)

The load shape

This cluster will include Tasks that seek to impact the shape of the load curve over very short (minutes-hours-day) to longer (days-week-season) time periods. The interest in load shaping activities should be most important to:

1. **Policy makers and regulators**, since it will increase system security, improve economic efficiency and possibly also have positive impacts on the environment,
2. **Market operators**, because of effects on market prices (with a clear customer benefit) and the reduction of the influence (power) of the big actors,
3. **System operators**, because of system balancing and the handling of disturbances in generation and transmission. It could also have the potential of preventing blackouts and certainly the restoration of systems after a blackout. Bottlenecks in transmission will be easier to deal with and there will be a better use of existing generation and transmission capacity,
4. **Distribution network operator** who will find a tool to handle bottlenecks under peak periods and to utilise network capacity better. They will find it easier to handle distributed generation capacities and to increase the quality of supply,
5. **Traders/suppliers /retailers** for their risk management and also to find new businesses e.g. acting as “aggregators” of demand response, and to
6. **Customers** who will have an economic benefit with the ability to react to prices and even trading of loads. And certainly from an improved reliability of the system.

There are several ways to influence the load shape:

- a) Tariffs and pricing, which could be undertaken through network pricing and/or retail pricing but will probably need more innovative metering and communication systems to reach full effect,
- b) Direct load control based on agreement between the parties and mostly applicable to standard type of loads such as air-condition and heating,
- c) Marketing of demand side bidding (see Task VIII) and by
- d) Information-feedback.

The load level

This cluster will include Tasks that seek to shift the load curve to lower demand levels or shift loads from one energy system to another.

Liberalised markets have made it more difficult to find actors that reach out and promote demand side actions and energy efficiency in the eyes of the customers is still too unknown/insecure or insignificant to get their attention. There is still a need to find supportive policy instruments to release the energy efficiency potential. New actors have however emerged and may be animated to a more profound role - energy agencies, ESCOs, regulators etc. Energy efficiency and demand management is important not only “per se” or for electricity systems, but for all fuels and as instruments to get fuel switching in systems with combined power-heat-cold and distributed generation.

POSSIBLE FUTURE WORK

a) GENERAL

The Intellectual Property developed in earlier work should be safeguarded, developed and disseminated, e.g, by considering:

Access and availability of results from completed tasks is still an important issue. The ongoing change of the web-site improves the availability but there is still a need to consider how some of the reports should be both easier to access by e.g. editing of the material.

Training and capacity building is an aspect of the availability of results and that is more important with new participants.

Demonstration.

- An integral part of each task as an information and dissemination task
- A separate task collecting case studies
- A separate task to undertake demonstrations (very expensive and rather involve industry for this)

Task reformation

- Extension: (meaning) that the task could be reassessed and continued.
- Joint Activity: that the task could be developed together with other interested parties
- Transformation: that the task could use its IP and be applied on other issues/technologies, e.g. starting on technology procurements again.
- Service: that the task (and its output) could be formed as a service to be marketed to other parties

Cooperation with other Implementing Agreements

- Consider a coordinated load levelling activity with the Energy Storage Programme.
- BCG-IAs; Buildings Co-ordination Group (Storage, Buildings and Community Systems, Heat Pump, District Heating and Cooling, Solar Heating and Cooling, Photovoltaics)
- ENARD (Electricity Networks Analysis, Research & Development)
- 4E (End-Use Equipment Energy Efficiency)
- CTI (Climate Technology Initiative)

b) SPECIFIC

These are suggestions that have been raised and discussed at meetings during the last years

#	Issue	Cluster		Remark
		Shape	Level	
1	<p>Increasing Energy prices (and Market Design issues) <i>Problem - Large share of electric heating in homes and they do not like growing prices; energy intensive industry does not like high energy prices; high bills for homeowners (fuel poverty);</i> <i>Objective – Explore how EE and DSM can mitigate energy price increases</i> <i>Approach – Workshop.</i> <i>In February 2003 there was a workshop held in Paris "Demand Response in Liberalised Energy Markets", which also was the trigger for a work within the DSM-Programme called "Demand Response Resources" (Task XIII). This should be followed up with a widening of the concept and also cover other measures. "Market Re-design Options" and cover also White Certificates from our Task XIV.</i></p>	X	X	
2a	<p>Smart meters (remote response capability) Study smart technologies to advance DSM/EE, including communication technologies. <i>Problem - improved billing and metering with feedback needed; direct load control needed; need communication capabilities for LV systems (for management; need techniques and protocols for information exchange); how to reduce demand by telling customers what it really costs; need hourly metering; are smart meters smart enough and linked to time of use rates; use of interval metering</i></p>	X		

	Objective – To review broad field of metering and recommend best ways to use meters to reduce demand and level peaks Approach – New Task			
2b	Smart meters in Energy Services		X	Concept paper from Task XI and XVI
4	Security of supply Study how energy systems respond to crisis - What happens during a crisis; what do users actually do, do they do load levelling and what impact does this have on reliability and security	X		
5	Portfolio development - Impact study Study how economies can reduce electricity growth by 10 or 20 percent in 10 years by energy efficiency and DSM measures. How can governments put up targets and meet them	X	X	
6	Models and initiatives for boosting technologies Aggregated Procurements, Dynamic top-focused standards, Clearinghouses for programmes and projects e.g. CDM/JI related		X	
7	Energy Efficiency ownership (new aggregators) New aggregators and need for aggregators	X	X	
8	Networking and initiatives to reinforce services and promotions (ESCOs, Marketing, Municipality involvement) Address a wider aspect of local responses to energy system problems aside from demand side activities, energy and end use activities			C.f. Task IX
9	Rate-design Perform a comprehensive analysis of various economic incentives and fiscal measures, including pricing systems, tariffs and levies. Develop new tools for international comparison of the impact of different tariff systems and energy labels on GHG emission reduction. Problem - Rate designs do not encourage EE; need to use time of day tariffs; electric prices could be good signal, need to incorporate externalities and incentives for EE Objective – Study various rate design strategies and recommend best practices for designing rates to reduce demand and peaks Approach – New Task	X	X	
10	Advanced Lighting Programmes. We have to do something for lighting programmes such as e.g. the utility-sponsored roll-out programmes in many developing countries, but also for new lighting technologies that may also be more important for Demand Response and/or more useful in connection with distributed generation. Possible partners: ELI	(X)	X	
11	Climate Change – Energy Efficiency in the CDM-projects Quantify and document the impact of EE on climate change Fungible Instruments		X	In preparation
12	Directive on energy services (EU) Regulatory matters related to energy efficiency - What areas of energy efficiency is best regulated and what should be purely market-based		X	
13	Lack of Awareness of DSM – Link with Ownership and Aggregators. The IEA DSM-Programme award of excellence could be taken up again. The “State of DSM in the world” also. Another idea was to create a DSM clearinghouse	X	X	The NL will propose
14	Bottom up evaluation	X	X	The NL will

				propose
15	Monitoring and Verification – Workshop	X	X	
16	Energy Efficiency (low) impact – Link with M&V		X	See 14
17	Transmission needs	X		ENARD
18	Standards and labelling It was suggested that the development of the suggested new IA should be observed and then possibly discussed with them.	X	X	4E
19	Growing demand	X	X	
20	White Certificates (follow up practices)		X	
21	Tax policies	X	X	
22	Planning tools	X	X	
23	Optimizing Investments	X	X	
24	Distribution needs	X		
25	Windfall profits		X	
26	Demand response (legal property right) certificates	X		
27	Financing related to ESCOs		X	Task XVI
28	Branding of Energy Efficiency		X	India will propose

APPENDIX 2 – TAKS OVERVIEW

Annex		Cluster		Crosscutting General aspect
		Load Shape	Load Level	
I	Database and Evaluation			
II	Communication Technologies			
III	Technology Procurement			
IV	Integrated Resource Planning			
V	Marketing			
VI	DSM on Liberalised Markets			
VII	Market Transformation			
VIII	Demand Side Bidding			
IX	Municipalities Role			
X	Performance Contracting			
XI	Metering and Pricing			
XII	Energy Standards			
XIII	Demand Response			
XIV	White Certificates			
XV	Network-Driven DSM			
XVI	Competitive Energy Services			
XVII	Integration of DSM, EE, DG and RES			
In Preparation				
Advanced Lighting Programmes				
DSM and Climate Change				
DSM Participation in System Operations				

APPENDIX 3 – MARKET OPPORTUNITIES AND BARRIERS VS PROGRAMMES STRENGTHS AND WEAKNESSES

Market Opportunities

Need to meet Kyoto targets
Growing focus on market-based mechanisms
Liberalised markets create new players, new services and new opportunities
The ESCO market is growing
DSM and EE in line with local environmental concerns and goals
Energy demand must be reduced in many countries
Price risks are increasing thus emphasising real-time pricing and load responses
New (EU) directive on Demand management and energy services
Grid security requires demand response

Market Barriers

Link between EE/DSM and liberalised energy markets is unclear
Market and actors are fragmented and no one takes responsibility for the complex whole
Insulation of customers from location and time of use cost signals
Energy market reform (liberalisation) and abrogation of government responsibility for supply and efficient use of resources
Little interest by utilities and regulators in DSM
Customer driven DSM/EE programs are minimal

Programme Strengths

Excellent potential to share what works and what does not
Ability to conduct collaborative and/or innovative studies
Capability to contribute to or influence policies in participating countries
Ability to assemble excellent study teams
ExCo and Experts have intellectual capability to use tools developed in Tasks
ExCo members are committed to work collaboratively
Strong network of Experts
Programme addresses the key issues of interest in the participating countries

Programme Weaknesses

Program funding is limited and getting harder to secure
Significant effort is required to fund each new Task
Difficult to involve and fund Experts with necessary time and skills
Difficult to ensure commitment from Experts
Countries unable or unwilling to cover their OAs costs
Tasks take too long to complete
ExCo members do not seem to consult with their Experts and organisations prior to the meetings
Considerable time required to start new Task and process is complicated

