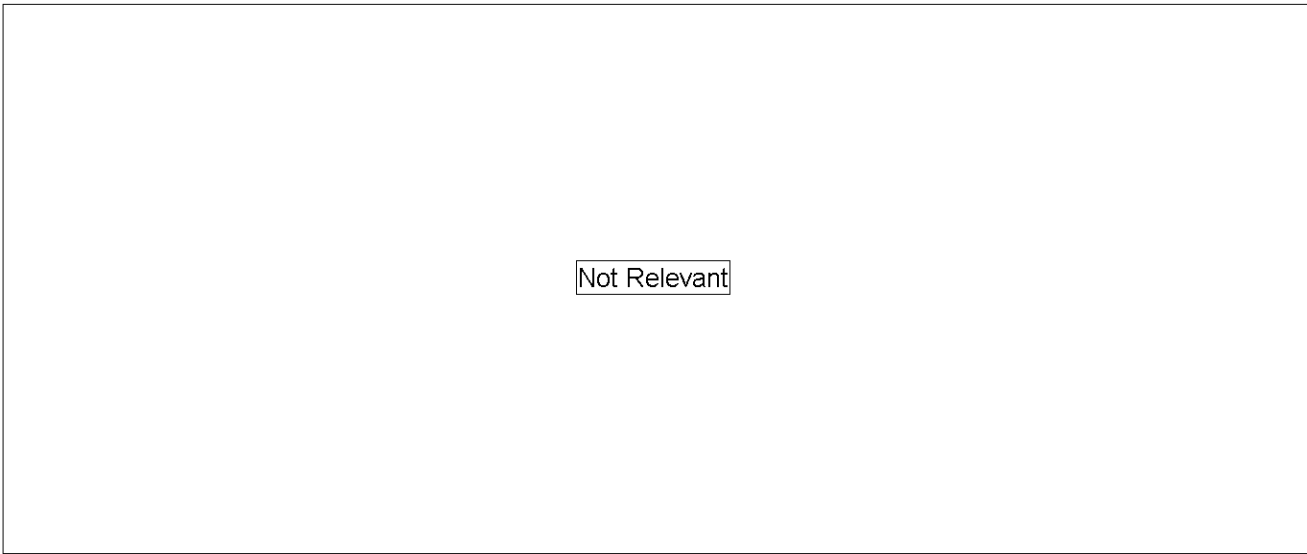


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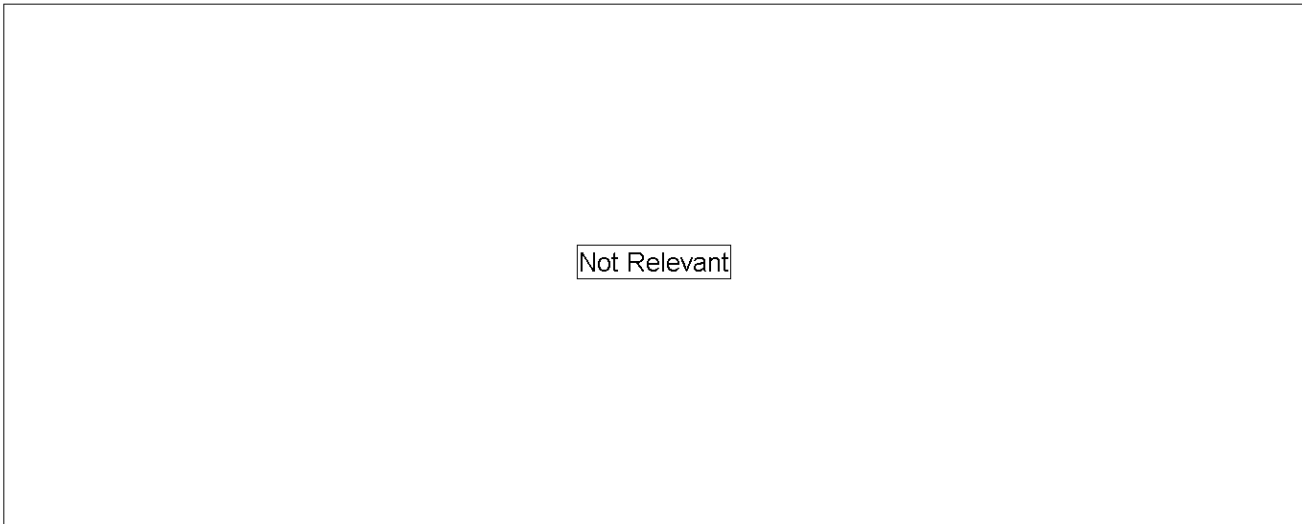
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DPC025/01CS

**Demand Side Measures Publicity Budget
APPROVED**

Premier



Not Relevant

~~744~~ 732
CABINET COVER SHEET

1. **TITLE:** Demand Side Measures Communications Strategy
2. **MINISTER:** Premier
3. **PURPOSE:** To approve \$350,000 from Budget Headroom for a communications strategy, to be implemented over summer 2001-02, to promote actions and programs implemented by the Demand Side Measures Task Force.
4. **RESOURCES REQUIRED FOR IMPLEMENTATION:** \$350,000 from Budget Headroom. Staffing requirements are to be met from existing resources.
5. **RELATIONSHIP TO GOVERNMENT POLICY:** Consistent with recommendations adopted by Cabinet arising from the SA National Electricity Market Task Force.
6. **CONSULTATION:** Funding will underpin activities of Demand Side Measures Task Force, which has community, business and industry membership, and members drawn from the Department of the Premier and Cabinet, Treasury and Finance, and Energy SA.
7. **FAMILY IMPACT STATEMENT:** Measures will help minimise the possibility of electricity outages over the coming summer months, thereby minimising any adverse effect on families.
8. **URGENCY:** Very urgent if the measures are to have an effect this summer.
9. **RECOMMENDATIONS:** It is recommended that Cabinet:
 - 9.1 Approve \$350,000 from Budget Headroom to DPC for a communications strategy, to be implemented over summer 2001-02, to promote actions and programs implemented by the Demand Side Measures Task Force.
 - 9.2 Note that the strategy will be refined by the Task Force, and approved by the Cabinet Communications Committee prior to release.

SIGNATURE OF MINISTER:
PORTFOLIO:
DATE: 24/10/01.


PREMIER

MINUTES forming ENCLOSURE to

TO: THE PREMIER FOR CABINET

SUBJECT: DEMAND SIDE MEASURES PUBLICITY BUDGET

1. PROPOSAL

That Cabinet:

- 1.1. Approve \$350,000 from Budget Headroom to DPC for a communications strategy, to be implemented over summer 2001-02, to promote actions and programs implemented by the Demand Side Measures Task Force.
- 1.2. Note that the strategy will be refined by the Task Force, and approved by the Cabinet Communications Committee prior to release.

2. BACKGROUND

- 2.1. In March 2001 the Government established a task force to examine issues regarding the national electricity market (NEM) for South Australia. The task force comprised representatives of business, industry and government, and was chaired by Mr John Eastham.
- 2.2. The task force's report was tabled in Parliament on 5 July 2001. Among its recommendations, the task force indicated a need to define and implement demand side measures in preparation for peak demands over the 2001-02 summer, and in subsequent summers.
- 2.3. A Cabinet Note of 16 July 2001 listed the task force's recommendations, and flagged that further advice would be prepared for Cabinet on the proposed demand side body. It was agreed that this body would be set up as a joint project between DPC and PIRSA.
- 2.4. On 15 October 2001 Cabinet noted that the former Premier established a Demand Side Measures Task Force. The task force will define and implement measures that will assist in reducing peak electrical demands and lessen the impacts of higher electricity costs on industry, business and the community. The Cabinet Note also flagged that additional funding for demand measures may be sought from Cabinet at a later date.

3. DISCUSSION

- 3.1. The Demand Side Measures Task Force's first meeting was held on 17 October 2001. At that meeting the task force indicated that its primary focus will be to influence electricity demand during peak periods.
- 3.2. A key action flagged by the Task Force is the immediate development of a communications strategy to ensure that any chance of electricity blackouts over summer is minimised.

- 3.3. Though the Demand Side Measures Task Force has only begun to consider the contents of a communications strategy, it already considers such a strategy an essential tool to ensure continuity of supply over the coming summer.
- 3.4. Similar strategies have recently been adopted in California and New Zealand to address electricity shortages. AGL also ran a *turn it off* campaign in SA last summer, though with limited success on very high temperature days.
- 3.5. For example, in New Zealand a *ten percent savings for ten weeks* campaign over the recent winter months (peak usage time in New Zealand), using television commercials, call centre, brochures, energy audits and print advertising cost \$2,250,000. From initial accounts, the campaign achieved its objectives of no major blackouts during the peak period, and also provided consumers with considerable savings on their electricity bills.
- 3.6. As part of its annual communications program, Energy SA will be implementing a pre-Christmas summer promotion, targeting consumer energy reduction strategies and smart appliance purchasing. This proposal was considered by the Cabinet Communications Committee on Thursday 18 October 2001.
- 3.7. The South Australian demand management communications strategy will aim for similar objectives as the overseas examples, the key objective being to minimise the chance of blackouts over the summer months. It will also build on the Energy SA promotion, but will focus on reducing peak demand on days of highest electricity use.
- 3.8. To minimise the possibility of blackouts, South Australians need to reduce peak consumption to below 3000MW (Megawatts) on peak days. Statistics provided by Energy SA indicate that electricity consumption rises by approximately 100MW for each temperature increase of one degree over 35 degrees. This equates to the output of a small power station. The communications strategy will be designed to achieve reductions on peak days in the first instance.
- 3.9. The Strategic Communications Unit has made some initial inquiries regarding campaign costs. A campaign focused on achieving short-term reductions based on consumer response will necessarily be expensive if it is to ensure success. An initial cost indication is that such a campaign will need to have a budget of \$350,000.
- 3.10. The Demand Side Measures Task Force communications strategy will build on work already being done by Energy SA, Treasury and Finance and AGL. To achieve this, an AGL representative has been appointed to the Task Force, as is the Executive Director of Energy SA. Treasury and Finance is also represented on the Task Force to ensure consistency with any publicity campaign concerning Full Retail Contestability.

3.11. Other implications and impacts

3.11.1. Economic, financial and budget implications

The Demand Side Measures Communications Strategy will require \$350,000 from Budget Headroom. If the strategy is successful it will help minimise disruption to South Australian businesses and industry caused by blackouts over summer.

3.11.2. State development, social, environmental and other impacts

The Communications Strategy will help minimise adverse effects of power blackouts on the community over summer. It will also help reduce power consumption, both in the short and longer term, by educating the public about sensible energy usage.

3.11.3. Staffing implications

No additional staff are required to implement this Strategy.

3.11.4. Consultation

The Demand Side Measures Task Force contains membership from industry, business and the community. It also has members from DPC, Treasury and Finance and Energy SA, and is supported by an agency working group with officers representing the above agencies, plus the Departments of Industry and Trade and Administrative and Information Services.

3.11.5. Executive Council

This submission does not require Executive Council approval.

4. RECOMMENDATIONS

It is recommended that Cabinet:

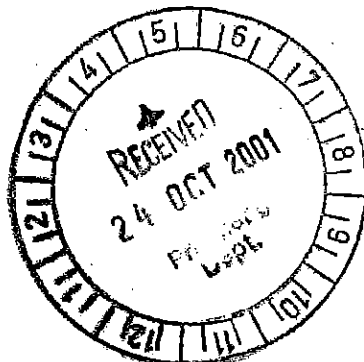
4.1. Approve \$350,000 from Budget Headroom to DPC for a communications strategy, to be implemented over summer 2001-02, to promote actions and programs implemented by the Demand Side Measures Task Force.

4.2. Note that the strategy will be refined by the Task Force, and approved by the Cabinet Communications Committee prior to release.

Rob Kerin

ROB KERIN MP
Premier

24 October 2001



In Cabinet

26 NOV 2001

