

28 February 2015

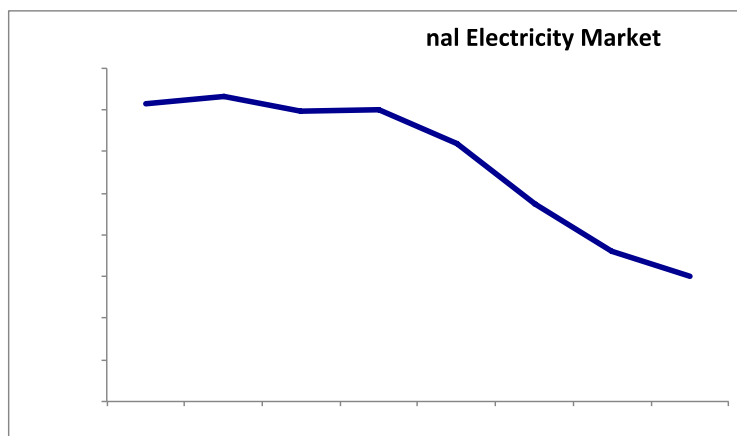
Senator Christine Milne
Senate Standing Committee on Environment and Communications
Email: ec.sen@aph.gov.au

Dear Senator Milne

During the Senate Committee hearings in Adelaide you asked me about the impact of the loss of motor vehicle manufacturing on electricity consumption. I undertook to respond to this and also volunteered more general consumption trend information.

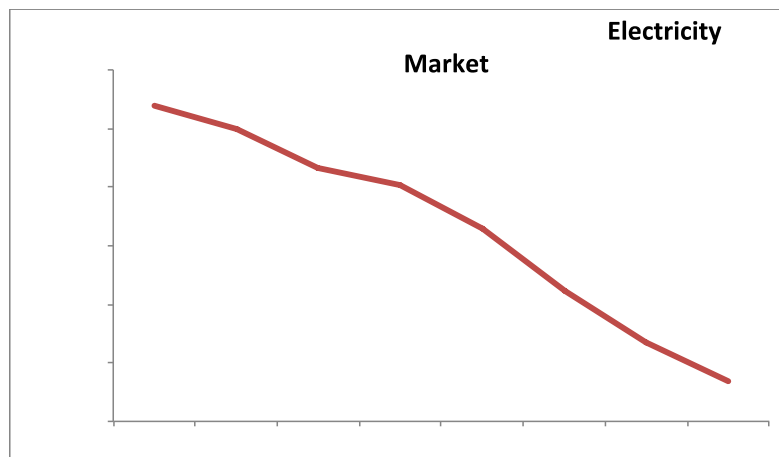
Our estimate is that the decline in electricity consumption related to the closure of motor vehicle manufacturing in Australia is around 100 to 120 GWh per annum. The decline in electrical demand attributable to the closure of motor vehicle manufacturing is part of a broader trend in Australia. Figure 1 below shows the trend of average demand in the National Electricity Market since 2007.

Figure 1. Average demand (MW) in the National Electricity Market



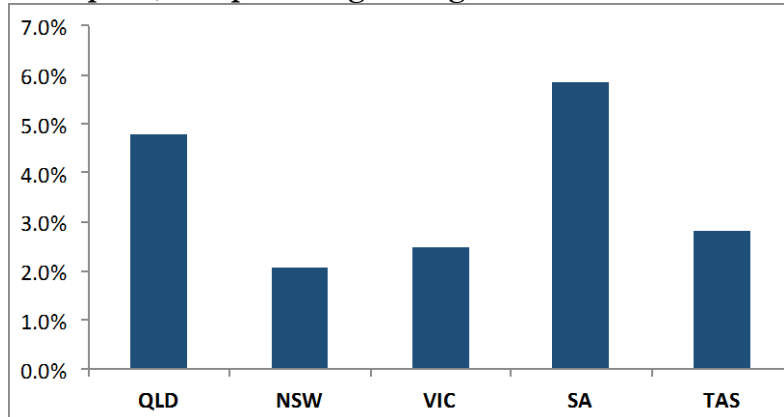
This declining demand has occurred in spite of significant population growth. The decline in average demand, adjusted for the change in the population is shown in consumption per capita in Figure 2.

Figure 2. Per capita average demand on the National Electricity Market



Rooftop solar explains part of the decline in demand for grid supplied electricity, although not the largest part. It is however having a reasonably significant impact on distribution networks in some parts of Australia. Figure 3 shows the reduction in network payments in 2013 attributable to households with rooftop PV, as a percentage of regulated distribution network services revenues. Under the current regulatory arrangements, distribution network service providers are not exposed to declining demand for their services (revenues they lose to households and businesses that install PV are recovered in higher charges to all users).

Figure 3. Reduction in network payments in 2013 attributable to households with rooftop PV, as a percentage of regulated distribution network services revenues



I hope this adequately responds to your questions.

Yours sincerely,
Bruce Mountain