

## *Annex V*

### INVESTIGATION OF TECHNIQUES FOR IMPLEMENTATION OF DEMAND-SIDE MANAGEMENT TECHNOLOGY IN THE MARKETPLACE

#### 1. *Objective*

The objective of this Task is to develop improved utility and government strategies for implementing demand-side management (DSM) technologies in residential, small commercial and small industrial markets. Improved strategies are assumed to depend on improved assessments of customer technology requirements, utility and government information needs, factors leading to DSM technology adoption, and the behaviour of actors on the DSM technology market.

#### 2. *Means*

In order to accomplish the foregoing objective, Participants will carry out the following Subtasks:

- (a) Subtask V/1 Development of a Common Methodology for Implementing Demand-Side Management Technologies with Small Customers

Participants will develop a common methodology for implementing DSM technology with residential, small commercial, and small industrial customers. This methodology will model the market in basic market units with objective characteristics such as kinds of end-use equipment, cost of network equipment, family or business types, and socio-cultural values. Participants will also conduct a survey of the methods that utilities and governments in their countries have successfully used to market DSM technologies in residential, small commercial and small industrial markets.

- (b) Subtask V/2 Conduct of Pilot Programmes for Implementing Demand-Side Management Technologies with Small Customers

Based upon the methodology developed in Subtask V/1, each Participant will carry out a pilot project in his country for a particular small customer market. Each pilot project will be thoroughly documented with respect to the types of customers approached, the details of the methodology applied, and the DSM technologies introduced.

- (c) Subtask V/3 Evaluation of Pilot Programmes for Implementing Demand-Side Management Technologies with Small Customers

Participants will measure the results of the pilot programmes conducted in Subtask V/2 and evaluate their success. Results in different countries will be compared, with similarities and differences explained in terms of factors such as market segment, regulatory framework, economic environment, and socio-cultural characteristics. Within each country, results of the pilot programme will be compared with results of previous programmes in order to document improvements realised in programme effectiveness.

#### 3. *Results*

The results of this Task shall include the following:

- (a) A methodology for implementing DSM technologies in small customer markets, pursuant to Subtask V/1 as described in sub-paragraph 2(a) above;
- (b) Pilot programmes for effective implementation of DSM technologies in small customer markets, pursuant to Subtask V/2 as described in sub-paragraph 2(b) above;

- (c) A report comparing and evaluating pilot programme results to arrive at improved understanding of how best to implement DSM technologies with different types of small customers, pursuant to Subtask V/3 as described in sub-paragraph 2(c) above;

4. *Time Schedule*

This Annex shall remain in force for three years. It may be extended by agreement of two or more Participants, acting in the Executive Committee, taking into account any recommendation of the Agency's Committee on Energy Research and Technology concerning the term of this Annex, and shall thereafter apply only to those Participants<sup>\*</sup>.

5. *Specific Responsibilities of the Operating Agent*

In addition to carrying out the specific responsibilities enumerated in Article 5 of this Agreement, the Operating Agent shall prepare, review, revise, and distribute to Participants the documents and reports specified in paragraph 3 above.

6. *Funding*

- (a) *Common Fund.* A Common Fund shall be established by the Executive Committee and shall be included in the Annual Programme of Work and Budget for the purpose of funding the obligations of the Operating Agent under this Annex.

---

\* This Annex entered into force on 24th March, 1994 pursuant to a decision by the Executive Committee in accordance with Article 2(d) of this Agreement.

- (b) *Task Costs.* The overall three-year Budget of the Operating Agent for carrying out the management of the Annex is set 49 million Spanish pesetas (approximately US \$350,000) at January 1994 prices. Of this amount, expenditure for the the first year that the Annex is in effect is estimated at 14 million Spanish pesetas (approximately US \$100,000). If significant changes in price levels or the scope of activities under the Annex shall occur, the Executive Committee, acting by unanimity of the Participants, shall consider whether to adjust the Programme of Work to the available funds or increase the Budget.
- (c) *Sharing of Task Costs.* The Budget shall generally be funded by Participants through a standard contribution of five per cent of the Budget plus a pro rata contribution based on countries' percentage contributions to the budget of the Agency, where pro rata percentages are applied to the portion of the Budget that remains to be funded after the standard contributions are made. However, this formula may be altered by the Executive Committee, acting by unanimity of the Participants in the Task. The contributions of the European Communities and Associate Contracting Parties shall be determined by the Executive Committee, acting by unanimity of the Participants in this Annex.
- (d) *Changes in Number of Participants.* If the number of Participants changes, the shares of contributions to the costs will be adjusted accordingly by the Executive Committee, acting by unanimity of the Participants. New Participants shall pay the full share of the costs beginning with the project year in which they become Participants.
- (e) *Individual Financial Obligations.* Aside from the contributions described in sub-paragraph (c) above, each Participant shall bear all the costs it incurs in carrying out its tasks under the Annex.
- (f) *Task-Sharing Requirements.* The expected contribution of each Participant to task-sharing under the Annex will depend upon the effort required to undertake a successful pilot programme under Subtask V/2 but is expected to be between 2 and 5 person-years over the term of the project, or an average of 8 to 20 person-months of effort during each year that the Annex remains in force.

7. *Operating Agent*

Fuerzas Eléctricas de Cataluña, S.A. (FECSA) (ENDESA Group), Spain, is designated as Operating Agent.

8. *Participants in this Task*

The Contracting Parties which are Participants in this Task are the following:

The Ministry of Trade and Industry (Finland)\*,

The Netherlands Agency for Energy and the Environment (NOVEM),

The Ministry of Industry and Energy (Spain).

The Swedish National Board for Industrial and Technical Development (NUTEK).

---

\* See footnote p. 28.