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Cristein Hickey  
Director, Climate Change and Energy Savings Policy  
NSW Department of Planning, Industry and Environment (DPIE)

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Dear Ms Hickey,

## **CONSULTATION PAPER: ENERGY SECURITY TARGET AND SAFEGUARD**

Endeavour Energy appreciates the opportunity to provide this response to the DPIE's *Energy Security Target and Safeguard* consultation paper. We support the intent of the proposed reforms which broadly aim to ensure a low cost and reliable electricity supply for NSW customers by encouraging investment in new energy generation.

The proposed Energy Security Safeguard aims to deliver bill savings to customers through expanding the existing Energy Savings Scheme (ESS) and introducing a new peak demand reduction scheme. The consultation paper indicates the objective of the market-based certificate scheme is to increase the capacity to reduce demand at times when electricity spot prices are high or there is a supply-demand imbalance. This will be achieved by supporting investment in technologies that promote peak demand savings, peak demand response and peak demand shifting.

From a network perspective, these measures also have the potential to address demand-related constraints that present in various locations on the distribution network. Endeavour Energy has implemented a range of targeted demand management initiatives which have been successful in reducing or deferring major network investment. These include:

- Residential peak demand support initiatives including our [CommunitySaver](#), [PeakSaver](#), [CoolSaver](#) and [SolarSaver](#) programs.
- A 3G Demand Response Enabling Device (DRED) trial to improve the available demand reduction available from air conditioners.
- A residential Battery Energy Storage Trial (RESS) to support the take-up and use of battery systems by residential customers in a constrained area of the network.
- A grid scale Battery Energy Storage System (BESS) to trial modular and rapid deployment of network capacity increases to defer network investment.

We believe an effectively designed scheme can further encourage broad-based demand side participation that reduces network capacity constraints at times of peak demand. To ensure customers can benefit from any subsequent reduction in the need for and cost of network investment, it is important that the scheme complements other national programs and mechanisms addressing peak demand.

We consider the ESS will encourage the take-up of technologies with the capacity to support a reduction in peak demand. Whilst the AER schemes; the demand management incentive scheme (DMIS) and demand management innovation allowance mechanism (DMIAM), incentivise the utilisation of these technologies by networks. We note the AER considers alternate sources of funding in assessing any eligible costs when applying these incentive schemes.

It is our understanding that the scheme will fund the installation of technology that enables demand response (e.g. DRED) and making it available to market participants to call upon for demand support. We are supportive of this provided the scheme design provides networks the opportunity to access demand response capacity in network constrained locations.

Our feedback is focussed on aspects of the scheme that relate directly to our current and future demand management programs and its impact on non-network solutions within our network.

#### Including multiple technology platform and EV in the scheme.

There are potentially multiple technologies and platforms available from multiple parties that can be dispatched to produce peak demand reduction. These include DRED-enabled air conditioners, battery energy storage systems and potentially EVs with V2G functionality in the future. However, there is currently limited interoperability between these technologies as each provider has its own platform which makes it difficult to procure demand response from distributed energy resources.

Conversion of bus fleets to EV present a network connection of considerable sizing and the treatment of mass V2G enabled demand reduction may need to be considered within the context of the scheme. While this may not be an immediate concern, the proposed scheme will extend to 2050 and should anticipate significant technological change over that time, particularly take up of EVs and their potential impact on electricity networks for charging and discharging.

#### Energy-specific protections should apply.

We recognise a gap has emerged in the protections between established and conventional structures of energy provision and services from new providers and modes of supply. For instance, considering participant health issues where customers receive a reduced service via the scheme (e.g. reduction in air conditioning). We believe protections should be consistent and note the AEMC's *Consumer protections in an evolving market* [review](#) may provide additional insight on this issue.

Also, where protections permit, we would value access to information about the participation of customers in our network service area that participate in the schemes (both energy efficiency and peak demand reduction).

#### Location-based multipliers or activities should be introduced into the scheme.

From a network planning perspective, opportunities for non-network solutions (including demand response activities) are most valued in locations where peak demand presents (or is expected to present) a constraint on the network. We consider the scheme should recognise the relative value of demand response in these areas through location-based multipliers or activities that are specific to certain locations.

Also, the scheme would need to consider opportunities for customers to participate in the ESS and also DNSP demand management programs and earn both streams of incentives.

#### Developing the capabilities of service providers.

Training and accreditation would assist in developing capabilities particularly in the areas of: demand management (including energy audits for commercial & industrial customers); and energy efficiency and peak demand reduction technology (including commercial lighting, power factor correction, HVAC). Service providers should also be trained in identifying a full range of demand reduction opportunities, including load shedding/curtailment, and not only technology-based demand reduction.

Finally, we request clarification of DNSP eligibility to create peak demand reduction certificates for demand management programs and what conditions would need to be met.

If you have any queries or wish to discuss our submission further please contact Matthew Brooks, Non-network Solutions Engineer at Endeavour Energy on (02) 9853 4907 or via email at [matthew.brooks@endeavourenergy.com.au](mailto:matthew.brooks@endeavourenergy.com.au).



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