

Submission on the proposed changes outlined in PDRS rule change 2 consultation paper

HVAC1 and HVAC2: Addition of the requirement for demand response capability

Q5. Is the new air conditioner requirement (equipment requirement 3), as written in the rule, going to be effective to enable consumers to participate in demand response programs using their new air conditioner?

A: We are concerned that the new air conditioner requirement to add an inbuilt demand response capability is not going to be effective to enable consumers to participate in the demand response programs because it limits the way equipment suppliers and consumers can participate in this program. Having an external device connected to the air conditioner (AS/NZS 4755) does not allow the user to have the freedom to access its functionality. We believe that the demand response program should be enabled by a variety of internet connectivity options. There are many ways to monitor and control the air conditioner which are convenient and suitable for a consumer beyond the limitations of AS/NZS 4755.

Q6. Do you need a transitional period to prepare for the new demand response requirements?

A: Yes, we need a transitional period to prepare for the new demand response requirements, depending on the options for internet connectivity which are allowed. At least 6-12 months. This should not delay implementation of the activity, however, but be a requirement after the transitional period has elapsed.

HVAC3: Sign a residential air conditioner up to a demand response contract

20. Do you support the data assumptions and proposed calculation method for certificates for activity HVAC3, especially those relating to duration and temperature limits?

A: One of the data assumptions, the Summer Peak Demand Reduction Duration was capped at 2 hours for this activity for a maximum set-point temperature of 26°C (maximum set-point temperature raised by 4°C). We believe there is room for improvement to give flexibility to the consumer by incorporating a system of increasing the temperature by 1/2°C for an extended period i.e., more than 2 hours a day. We strongly believe that flexibility is essential to protecting consumer acceptance of demand response, and imposing limits on the options available will reduce consumer acceptance. The increments of set-point temperature and the duration of peak demand reduction will also vary depending on the climate zones, so increased flexibility for different regions and consumer preferences is essential, we believe.

Additionally, we believe that the PRC incentive under the current assumptions and proposed calculation method are overly conservative, to the extent that the PRC rebate will be insufficient to encourage equipment suppliers and consumers to participate in this activity. Less conservative assumptions and a more accurate calculation method would increase the

PRC incentive and encourage uptake, thus providing data to further fine tune the method in the future.

21. Are there additional requirements you recommend we add to HVAC3 to ensure consumers get the best outcomes?

A: We would like to expand the requirements of using demand response program under the AS/NZS 4755 to other suitable forms of demand response using any form of internet connectivity available. This will give consumers flexibility and enhance their acceptance of the program. We also believe the ability of consumers to sign-up or leave whenever they want is an important part of their acceptance of a demand response program.

22. Can you provide evidence on the approximate duration of events where an air conditioner is controlled by a third party? In addition, can you provide evidence that customer comfort is not noticeably impacted?

A: Not at the moment.

23. Can you provide evidence of opt out rates for third party control of air conditioners?

A: No.

24. Can you see any potential issues with the 12-month cadence of certificate creation for each NMI?

A: No, we don't see any potential issues.

BESS1: Install a new behind the meter residential battery energy storage system

10. Are the implementation requirements sufficient to drive best practice installation of batteries?

A: The implementation requirements are sufficient.

11. What additional steps can we take to mitigate fire and other safety risks from batteries supported through the scheme?

A: We believe the steps taken by CEC to mitigate fire and other safety risks are more than enough.

12. Will there be any challenges meeting the requirement for batteries to be registered on AEMO's DER register?

A: No, there won't be any.

13. Are there additional requirements you recommend we add to ensure consumers get the best outcomes?

A: No, there are no additional requirements we recommend.

14. Do you support the dataset used, data assumptions and proposed calculation method for certificates for activity BESS 1?

A: We are concerned that the assumptions are overly conservative, especially when compared with the incentives for other appliances, such as heat pump water heaters and air conditioners. More realistic assumptions would yield a greater PRC incentive and drive increased uptake.

15. Do you agree with the way we've considered round trip losses in the factor of 10%?

A: Yes, we agree.

BESS2: Sign a behind the meter residential battery energy storage system up to a demand response contract

16. Do you support the data assumptions and proposed calculation method for certificates for activity BESS2?

A: We do not support the data assumptions and proposed calculation method for certificates because the number of certificates/amount of incentives that will be generated is insufficient for equipment suppliers and consumers to pursue this activity. In an online discussion recently, we were advised that the conservative assumptions can be amended in the future considering data obtained from running the activity. We are concerned that the problem with this conservative approach is that very few appliances will be connected and using this PDRS activity, so any data collected will be minimal and, therefore, of limited use.

17. Are there additional requirements you recommend we add to BESS2 to ensure consumers get the best outcomes?

A: Revising the assumptions to provide a more significant PRC reward will ensure consumers get a fair reward for their investment and their contribution to demand shifting by enrolling in a demand response program.

18. Can you provide evidence of what proportion of a battery's capacity is available for demand response under orchestration contracts?

A: No.

19. Can you see any potential issues with the 12-month cadence of certificate creation for each NMI?

A: Again, this is a conservative approach. A longer deeming period would, if possible, allow the initial investment cost to be reduced, thus incentivising more consumers to participate in such programs.

Kind regards,



Geoff Lamb

Chief Research and Development Officer

