

Suite 7.02, 22 Market Street
Sydney, NSW 2000
02 8090 5623
ABN: 32 126 255 856

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Terry Niemeier
Director - Program and Market Development - Safeguard
NSW Office of Energy and Climate Change
c/- sustainability@environment.nsw.gov.au

Consultation on Peak Demand Reduction Scheme

Ecovantage welcomes the opportunity to comment on the Peak Demand Reduction Scheme Rule Change Two Consultation.

In general, Ecovantage supports the implementation requirements, calculation, and baseline changes proposed in the consultation relating to the PDRS Scheme, however, we are concerned about the commercial viability of BESS 1 and subsequently BESS 2 without allowing additional financial support to offset the uptake of household batteries under the ESS or the support of retrofitted demand response mechanisms to existing modern air conditioners.

To support a smooth uptake of any proposed change, enough lead time is required to allow:

- product suppliers to to modify their product design, manufacture and ship (where required) the upgraded product from the country of manufacture to Australian shores;
- ACPs and supporting software vendors to adjust their systems and processes, and
- installation companies to alter their business model, order and receive modified products and upskill sales personnel and installers on the scheme, system and product changes.

More details are prepared in the response to the consultation questions below.

About Ecovantage

Ecovantage was established in 2007 to support businesses and households to reduce energy use and contribute to the fight against climate change through a reduction in emissions. We work within the energy efficiency schemes in New South Wales, Victoria, South Australia and Queensland as well as the national Renewable Energy Target scheme to help businesses and households access incentives for energy efficiency upgrades.

With dedicated teams who are trained and experienced in their roles we offer turn key solutions for our clients that include: Solar & Batteries, Energy Brokering, Tariff optimisation, Hot water upgrades, LED Lighting upgrades, Street lighting installation, measurement and verification and Decarbonisation.

Peak Demand Reduction Scheme - responses to consultation questions

Questions

1. **Do you agree with the update to the equation, adjustment factors and lifetime for SYS2?**

Ecovantage supports proposed changes.

2. **Is the pool pump industry able to meet a requirement that pool pumps have demand response capability and what would the cost impact of this be?**

No comment.

3. **Do you agree with adding a capacity factor to WH1?**

No comment.

4. **What evidence should be required under WH1 to ensure that customers aren't being taken off controlled load?**

Ecovantage believes a before and after electricity bill should be adequate to demonstrate.

5. **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?**

Whilst Ecovantage agrees the new air conditioner requirements (inbuilt demand response with internet connectivity) is a suitable design to enable consumers to participate in demand response programs, we strongly feel that the ability to retrofit a supporting device, will yield a far greater outcome in a shorter period of time. When consumers have already outlaid a reasonable amount of money to upgrade or install a reverse cycle air conditioner, they are expecting to see a reasonable return on their investment and aren't likely to upgrade their unit until it's deemed by them to be necessary.

By supporting retrofitted devices, we are able to:

- capture the consumer as they transition towards a new system with inbuilt features as described in the consultation paper,
- create additional activity under the scheme to have a greater outcome on demand reduction efforts and
- reduce waste - reduce, reuse and recycle.

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

Ecovantage supports a transitional period for the new demand response requirements to become mandatory. Should an external DER enabling device be eligible, this transition time may be lessened as it will not impact existing stock holdings. Should external devices not be considered eligible, Ecovantage supports an extended transitional period to allow for the transition of stock holdings.

7. **Do you agree with the requirement to verify demand response capacity through dispatch data?**

Ecovantage supports requirements to verify.

8. Do you agree with the proposal to leverage data from the Wholesale Demand Response Mechanism to validate PDRS capacity?

Ecovantage supports the proposal to leverage data from the Wholesale Demand Response Mechanism to validate PDRS capacity.

9. Do you agree with the exclusion of RERT and LTESA loads from the PDRS?

Ecovantage supports the exclusion of RERT and LTESA.

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

Ecovantage believes that the implementation requirements are sufficient to drive installation best practice.

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

No comment.

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

Ecovantage does not identify any current challenges to meeting the requirement for batteries to be registered on AEMO's DER register with consideration to the platform being existing and operational. Ecovantage would however recommend not introducing additional or unnecessary red tape given that data and evidence is already verified by another Government agency.

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

Ecovantage believes that the best outcome for the customer, is to consider the adoption of a household battery to reduce energy consumption and subsequently energy cost - this has a direct correlation to the outcome of reducing network demand. To encourage adoption, the battery size and ability to stack battery technology over time is required to meet the financial capacity of the customer at varying stages of their journey towards reducing network demand and eventual independence from the grid.

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

Whilst Ecovantage supports the dataset, assumptions and proposed calculations for PRCs generated under BESS1, we are concerned that the initial outlay to install a battery, or combined PV / battery system exceeds the return on investment to the consumer.

The BESS 1 calculation as proposed:

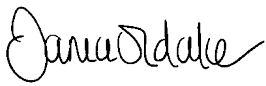
- Is too low to incentivise meaningful uptake of batteries. This can be seen in SA and VIC where solar battery rebates ranging between \$1,200 and \$3,000 have not been effective in driving the needed uptake or implementation of the technology to meet the country's decarbonisation goals. Both states have seen limited uptake of the battery incentive programs as a result.
- Data used from ACTs NextGen to derive calculation values are limited. A review on the BESS 1 activity when larger data sets are available may prove beneficial to the activity, and see adjustments to values associated to consumer behaviours with solar batteries.
- Could benefit from a consideration of Energy Savings Certificates as complementary to the Peak Reduction Certificates based on subsidiary energy

savings across other home/business appliances or plant equipment. HEER/IHEAB HVAC achieves this PRC and ESC relationship to a similar effect.

Having operated in the energy efficiency schemes for 15 years, subsidising the up front cost of implementing an energy efficient solution stimulates the uptake of the activity by way of reducing the barrier of cost, especially in the current cost of living crunch. Some concern is present in that the incentive is marginal enough to be impacted by common installation variables, such as an installer taking longer to install a battery for any unforeseen issues. In this instance, installation companies may choose to absorb the larger part of the incentive available for incurred costs/labour, particularly given that incentives, as they are under the BESS 1 calculation, are not going to be strong enough to be a key influencer on consumer decision making for battery upgrades. The key risk being that rather than customers receiving the certificate benefit, it may instead be absorbed by suppliers. The PDRS presents an opportunity to stimulate behind the meter storage if the commercial values needed for rapid uptake can be achieved.

I look forward to working with you further on the PDRS and please feel free to contact me with any questions or concerns with the above.

Kind Regards,

A handwritten signature in black ink, appearing to read "Tania Oldaker".

Tania Oldaker
COO, Ecovantage Pty LTD.