



VIOTAS Australia's submission to the Peak Demand Reduction Scheme Rule Change 2 Consultation Paper

15 November 2023



Wholesale Annual Response Mechanism (WARM)

VIOTAS appreciates the opportunity to submit this response concerning the Peak Reduction Scheme Rule Change 2 Consultation Paper.

About VIOTAS Australia (VIOTAS)

VIOTAS is an Irish technology company that has established a Demand Response aggregation business in the National Electricity Market (NEM). Over the past three years since our inception in the NEM, VIOTAS has primarily focused on the Frequency Control and Ancillary Services (FCAS) markets, establishing Dispatchable Unit Identifiers (DUIDs) in all NEM regions. All existing customers in FCAS are presently participating in the 1 Second Raise Contingency FCAS market.

Our current sales trajectory indicates a substantial increase in capacity offered across various industrial sectors, extending into the Wholesale Demand Response Mechanism (WDRM) and the Reliability and Emergency Reserve Trader (RERT) program in the near future.

Comments in Response to the Consultation Paper

VIOTAS strongly supports the efforts by the NSW Government to expedite plans for the Peak Demand Response Scheme (PDRS), involving Commercial and Industrial (C&I) customers with DR capabilities. Our technology, with real-time monitoring, 125 microsecond resolution metering, and demand forecasting, is well-suited for DR, enabling accurate bidding of demand capacities.

However, VIOTAS recommends that the NSW Government reconsider linking the Wholesale Annual Response Mechanism (WARM) to the WDRM for several reasons, as detailed below. Despite expectations of relatively flat demand growth in NSW over the next year or two, there might be a significant increase in peak demand, potentially mitigated by the growing adoption of batteries.

Forecast maximum operational demand (10% POE) by region – Neutral scenario [in MW]

	NSW		QLD		SA		TAS		VIC	
	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter	Summer	Winter
2016–17	14,111	13,071	9,355	8,314	3,116	2,732	1,417	1,769	9,493	7,797
2021–22	13,963	13,216	9,606	8,573	3,035	2,726	1,429	1,808	9,403	7,895
2026–27	14,678	14,103	10,074	9,104	3,048	2,825	1,459	1,863	9,395	8,028
2036–37	15,276	15,561	10,021	9,574	3,112	3,003	1,537	1,958	9,758	8,811

Source: <https://aemo.com.au/en/energy-systems/electricity/national-electricity-market-nem/nem-forecasting-and-planning/forecasting-and-planning-data/nem-electricity-demand-forecasts/2017-electricity-forecasting-insights/summary-forecasts/maximum-and-minimum-demand>

Any scheme for Demand Response during peak times must consider not just current peak demand requirements but also anticipate future needs. Therefore, a robust and flexible scheme welcoming large C&I consumers would be ideal.

VIOTAS has closely examined the WDRM in preparation for the participation of our contracted customers. While it is highly appealing having customers participate directly in the energy market and to introduce more competition to traditional generators, the WDRM poses some challenges that has resulted in limited customer participation. Consequently, if the NSW Government decides to use the WDRM as the framework for WARM, it must accept those challenges and therefore limit its pool of potential participating customers.

To meet NSW's peak demand growth, VIOTAS suggests that the NSW Government tender for DR in batches over 1, 3, and 5-year time horizons. Longer timeframes allow for proper preparation, technology installation, and cost recoupment. The program should compensate for availability and dispatch, coupled with a fair and user-friendly baseline measurement methodology. This approach would position NSW with a world-best practice DR program, attracting investment and creating jobs in the state.

VIOTAS acknowledges the controversy surrounding Baseline Measurements but emphasises that a successful DR program requires a supportive framework. If NSW wants DR programs to succeed, they must plan and execute programs that encourage success.

Specific Consultation Questions

VIOTAS currently has no comments on the detailed consultation questions at this time.