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PDRS consultation

Electric Future Sustainability Services (EFSS) welcomes the opportunity to comment on the rule change 2 consultation for the Peak Demand Reduction Scheme (PDRS).

Please see below our detailed responses to the consultation questions:

Response to the Consultation Questions

Q1. Do you agree with the update to the equation, adjustment factors and lifetime for SYS2?

Answer- EFSS welcomes the proposed update to the equation including the removal of the pool volume requirement.

However, EFSS believes that the proposed asset lifetime is extremely conservative and based on small sample size of pool pump sales/customers as well as an outdated data sample regarding the equipment type e.g. single speed pump and its hours of operation.

Based on discussions with pool pump manufacturers e.g. Waterco, we conclude that current products in the market are either multi-speed or Variable speed drive (VSD). Furthermore, the Energy Savings Scheme as well as the PDRS already require a high energy efficiency rate for this equipment class e.g. 4 stars which above and beyond what a single-speed product provides.

We propose the exclusion of single-speed products, and the increase of the asset lifetime should be increased to 10 years. The proposed lifetime is also based on manufacturer's feedback and actual hours of operation for a multi-speed or VSD product.

Q2. 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?

Answer- Based on feedback provided by manufacturers, this requirement may be prohibitive for this activity. This is because current customer demand and application do not require this additional capability, and although the technology is already available, it would take a significant amount of time to transition stock, uplift market capability and increase costs.

We suggest that this requirement is an additional benefit that could be further rewarded to the products installed with the demand response capability.

Q4. Do you agree with adding a capacity factor to WH1?

Answer- EFSS agrees in principle with the capacity factor addition but is not able to provide any further technical feedback. However, based on feedback from market participants, we suggest that this requirement should be aligned between the ESS and PDRS to avoid an unnecessary burden on product manufacturers and other participants.

Q4. What evidence should be required under WH1 to ensure that customers aren't being taken off controlled load?

Answer- EFSS believes that there will be a small portion of business customers currently on controlled load tariff and therefore it does not seem like a high-risk item for the scheme and should not result in additional evidence burden.

However, It is the responsibility of the installer and ACP to ensure that the customer understands the potential impact of the upgrade in terms of their electricity bill and steps they can take to avoid any surprises.

For the above reason, we propose the following,

1. IHEAB Fact sheet to be updated to include explanation on controlled load tariffs and the impact on electricity bill if they are taken-off.
2. Installer/ACP must ensure that the customer receives a copy of a factsheet.
3. Should the risk increased, Installer/ACP could also provide evidence that the customer is not on a controlled load tariff by providing a copy of the electricity bill and/or photo of switch board.

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?

Answer- As it stands, the new requirement does not provide enough clarity on the evidence requirement and the actual eligibility of the new technology. The product requirement and verification must be clearly specified in the final published guideline.

EFSS supports the inclusion of this requirement and believes that it can drive market transformation and adoption, however, it also suggests that the product eligibility to be expanded to include the products with external wifi enabled DR device evidenced by the tax invoice and geotagged photos.

Considering that SA has made a move earlier this year and changed the air conditioner regulation which requires certain air conditioners to have a built-in demand response capability from 1 July 2023, it seems like a reasonable approach as the manufacturers have already made specific production lines for SA market. However, a reasonable transition time frame must be considered to allow the manufacturers to be able to satisfy this requirement across their NSW market.

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

Answer- It is extremely important for the industry to have an appropriate transition period. As per question Q2, it takes time for manufacturers and the broader value chain to adapt to new requirements. 6-12 months seems to be a reasonable transitional time for the market and manufacturers to adjust for the new requirements.

Q7. Do you agree with the requirement to verify demand response capacity through dispatch data?

Answer- Yes, EFSS agrees with this requirement. However, there is little clarity on how and who would be responsible for collecting this piece of evidence.

Once again, it is important for the integrity of the scheme that this activity is closely aligned with existing robust evidence type framework already established within the scheme.

Q8. Do you agree with the proposal to leverage data from the Wholesale Demand Response Mechanism to validate PDRS capacity?

Answer- The approach seems to be reasonable, however, there are concerns in the industry that this activity could be generating certificates for customers who have already been enrolled within this program which would result in a very low level of additionality.

Q9. Do you agree with the exclusion of RERT and LTESA loads from the PDRS?

Answer- In principle, EFSS agrees that the scheme should not be seeing as a “cash grab” or allow for double dipping for activities that are already in the system and rewarded through different mechanisms. Therefore, we agree with the proposed exclusion.

Q10. Are the implementation requirements sufficient to drive best practice installation of batteries?

Answer- Yes, alignment with the Clean Energy Council is key to ensure that the activity doesn't suffer from unnecessary duplication.

Q11. What additional steps can we take to mitigate fire and other safety risks from batteries supported through the scheme?

Answer- Same as per Q10. The CEC and AEMO and Building Code of Australia provide a wealth of information/resources to support the proper installation of batteries.

Q12. Will there be any challenges meeting the requirement for batteries to be registered on AEMO's DER register?

Answer- Currently, EFSS believes that the proposed incentives are not compatible with other activities and able to generate enough demand to meet scheme goals e.g. Deliver sustainable energy to the people of NSW.

Therefore, any additional requirement that increases red tape is not welcomed. Unless this requirement is already in place for battery manufacturers, we feel that it is not justified.

Q13. Are there additional requirements you recommend we add to ensure consumers get the best outcomes?

Answer- EFSS supports a high level of customer satisfaction and outcomes which is already supported by the additional scrutiny created by the schemes for any eligible activity. We suggest the introduction of the activity-based customer fact sheets for all activities to ensure that customers are receiving a uniformed message and making an educated decisions.

Q14. Do you support the dataset used, data assumptions and proposed calculation method for certificates for activity BESS 1?

Answer- Based on industry feedback, batteries have an average 15 year asset lifetime. EFSS is unsure about how the department arrived on 8 years asset lifetime. EFSS suggests increasing it to at least 10 years which is in line with the product warranty from major suppliers e.g. Sonnen.

EFSS would also like to suggest that the department should consult with solar experts and consider a minimum size battery for this activity based on the household/average daily consumption. This requirement eliminates the possible unintended consequences of customer receiving undersized batterie and will ensure that customers are getting a fit for purpose product.

Q15. Do you agree with the way we've considered round trip losses in the factor of 10%?

Answer- EFSS is not able to provide reasonable technical feedback in this regard. Based on feedback from manufacturers, the factor is adequate.

Q16. Do you support the data assumptions and proposed calculation method for certificates for activity BESS2?

Answer- EFSS has the same position as per Q14. In addition to that, we believe that the current incentives are not sufficient to drive consumer uptake.

Based on industry feedback, customers are not currently asked to sign up for a fixed period when joining a VPP program. Existing programs such as Sonnen Connect are very light touch (customer side) and delivers an annual financial incentive to the customer.

Furthermore, in South Australia, through the REPS program, customers receive an upfront incentive to join a VPP program. This model and the manufacturer's experience suggest that it is unlikely that a customer would leave a VPP program in the short and long term.

EFSS suggests that this activity moves to a deemed approach (upfront incentive) in line with the REPS program. This would further incentivise the uptake of this activity and deliver on the demand side outcome goals of the scheme.

Q17. Are there additional requirements you recommend we add to BESS2 to ensure consumers get the best outcomes?

Answer- EFSS supports a high level of customer satisfaction and outcomes which is already supported by the additional scrutiny created by the schemes for any eligible activity. For this reason, we feel that no additional requirements are necessary.

Q18. Can you provide evidence of what proportion of a battery's capacity is available for demand response under orchestration contracts?

Answer- We are unable to comment on this question.

Q19. Can you see any potential issues with the 12-month cadence of certificate creation for each NMI?

Answer – EFSS supports the department's intent to ensure that customers are highly engaged in the process of certificate creation as well as reducing the risk of non-additionality. However, it is extremely difficult for ACPs to manage the 12-month cadence of certificate creation for a large number of retail customers.

The 12-month creation cadence is already a problem within activities such as PIAMV where the "top-up" option is hardly ever used. This is considering that PIAM&V is usually deployed for large energy efficiency projects and for a significantly smaller pool of customers,

Similarly, to Q16, EFSS supports a deemed approach whereby the customer would receive an upfront incentive based on the length of the VPP contract.

Q20. Do you support the data assumptions and proposed calculation method for certificates for activity HVAC3, especially those relating to duration and temperature limits?

Answer- Based on industry feedback and in the absence of data availability to verify assumptions used for the calculations, EFSS supports the increase of event duration to 3x2 hours block. This change would drive a more adequate level of load under control as well as increase the financial incentive which can drive higher uptake of the activity.

In the absence of data re. event duration, EFSS suggests the increase of number of PERCs as interim solution.

Q21. Are there additional requirements you recommend we add to HVAC3 to ensure consumers get the best outcomes?

Answer - EFSS supports a high level of customer satisfaction and outcomes which is already supported by the additional scrutiny created by the schemes for any eligible activity. For this reason, we feel that no additional requirements are necessary.

Q22. 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?

Answer- Not enough data is available at this stage.

Q23. Can you provide evidence of opt out rates for third party control of air conditioners?

Answer- EFSS is not able to provide technical feedback on this issue.

Q24. Can you see any potential issues with the 12-month cadence of certificate creation for each NMI?

Answer- Please refer to Q19.

25. For any of the activities we are continuing to look at, can you provide any relevant information on baseline demand/discharge, demand response or shifting, and other key operational characteristics that the NSW Government could use for rule development?

Answer- EFSS is not able to provide technical feedback on this issue.

Kind Regards,

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