



16 September 2019

Equipment, Energy Efficiency program
Department of the Environment and Energy
GPO Box 787
Canberra ACT 2601

Via email: smartappliances2019@sa.gov.au

Dear E3 program

'Smart' Demand Response Capabilities for Selected Appliances: Consultation Paper

CitiPower, Powercor and United Energy welcome the opportunity to respond to the consultation paper on 'smart' demand response capabilities for selected appliances. We support the proposal to require that air conditioners, electric storage water heaters, pool pump controllers and electric vehicle chargers that are supplied or offered for supply would have to comply with the full range of demand response (**DR**) modes in either the relevant part of Australian Standard (**AS**)/ New Zealand Standard (**NZS**) 4755 Part 3 of AS4755.2.

We consider that mandating the presence of DR capabilities in the products which have, or are likely to have, a significant contribution to peak electricity demand on our networks may help to alleviate network and power quality problems. It will provide a technical platform to support and increase the use of demand response programs.

Distributors in Victoria already have the infrastructure and communication platforms in place for direct load control services, such as hot water. The addition of a transmitter to the nominated priority appliances will enable the sending and receiving of communications over the communications platform, such as our radio mesh network used for smart metering data. The benefit of this network is that it extends to all households in our distribution areas. There is a potential for the data transmitted over this platform to be utilised by third party Demand Response Service Providers (**DRSPs**) or other aggregators.

We consider that mandating compliance with AS/NZS for the nominated priority appliances is preferable to other options discussed in the consultation paper. By maintaining business as usual, the benefits associated with an increase in demand response are unlikely to be realised. Voluntary compliance with AS/NZS4755 for suppliers has yielded around 33% of household size AC models having the capability installed. No complying products have been introduced for pool pumps or electric water heaters. Cost reflective pricing options for electricity consumers have been available for several years, but few customers have opted-in to these tariffs to directly drive a change in the electricity consumption profile of our residential customer base.

Encouraging the voluntary adoption of demand responsive appliances is also unlikely to lead to an increase in demand response. As noted in the consultation paper, labelling of products as DR capable has not really worked in the USA or Japan. Offering cash incentives for the purchase of DR capable products may increase penetration in areas where it is offered, however is unlikely to have a significant impact without a long-term government supported program.

Mandating the presence of DR capabilities will lead to an increased population of appliances that can be used for demand management. The increased use of DR by distributors, third party DRSPs or other aggregators may provide benefits such as improved quality of supply and/or the deferral of network augmentation by network providers, ultimately lowering the electricity bills to consumers.

Should you have any queries about this letter please do not hesitate to contact Danny Jutrisa on (03) 9297 6656 or djutrisa@powercor.com.au.

Yours sincerely,

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