

23 September 2019

Federal Government
Department of the Environment and Energy
Equipment Energy Efficiency (E3) team
By email: smartappliances2019@sa.gov.au.

Subject: Consultation Paper - 'Smart' Demand Response Capabilities for Selected Appliances, August 2019

Dear Sir/Madam,

Thank you for the opportunity to comment on this paper.

By way of background, Rinnai Australia has 6 Australian manufacturing facilities and employs nearly 600 staff across the country. Many more people are directly employed involved in the sale, installation and aftermarket servicing of our products which are sold under many brands including Rinnai, Brivis, APAC, Hotflo, SE, Sunmaster and POLO.

Rinnai is a major supplier of all varieties of residential and commercial water heating and climate control technologies into the Australian market with a turnover of nearly \$400 M. Rinnai is the second largest supplier of water heating products in the Australian market and technologies include electric storage, heat pump, solar and gas. Many of our products are locally designed and manufactured. Indeed, Rinnai invests over \$3 million pa into local product research and development.

As an overarching comment, Rinnai do not support the proposal to mandate compliance with AS/NZS 4755 for the products nominated.

With respect to water heaters, Rinnai fully support the submission by the Australian Water Heating Forum (AWHF) regarding this subject, including the covering letter and detailed responses to the questions.

Many of the points raised in the AWHF submission also apply to air conditioners, including the following:

1. **AS/NZS 4755 Is an inappropriate standard:** Implementation of the proposal will not achieve the objective of creating a DRSP market because AS/NZS 4755 specifies only one way communication between the appliance and the DRSP whereas the AEMC rules will require a DRSP to "prove" to the grid operator that an appliance has actually responded to a DR signal, if they wish to monetise their activity. This in turn requires the appliance to collect and send this data to a DRSP either directly or via a device supplied by the DRSP which AS/NZS 4755 currently does not support.

- 2. There is an asymmetry between those paying and those benefitting:** The majority of the cost associated with the initiative will be borne by manufacturers and consumers, whereas a majority of the benefit will accrue to Distribution Network Service Providers.

In addition, The draft GEMS Act review November 2018 states: *“The GEMS registration database also indicates that more than 65 per cent of air conditioners available on the market today are demand response capable. The issue appears not to be the availability of demand response appliances, rather the utilisation of that technology”* (page 78). Consequently, mandating demand response capability for air conditioners is unlikely to increase participation and is therefore not justified.

We look forward to further engagement regarding this matter, given its significance to the Community at large, industry and Rinnai. Please contact me if you have any queries relating to this submission.

Best Regards



Leon Bogers
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Rinnai Australia Pty Ltd.