

22 June 2020

Attention Director, Climate Change and Energy Savings Policy – NSW Department of Planning, Industry and Environment

**Re: Peak Demand Reduction Scheme Consultation Response**

SolarSG is an independently owned and operated Australian company with a combined 30 years of owner industry experience.

We're Australia's leading specialists in battery storage solutions with nearly 10,000 solar batteries installed across VIC, NSW, SA, WA, QLD and TAS.

Solar SG employs over 90 staff and is still growing. We also employ a large number of subcontractors in each State to ensure we can serve both metro and regional consumers.

We welcome the opportunity to provide this submission to your Peak Demand Reduction Scheme (PDRS) consultation and offer our sincere congratulations and appreciation for the pioneering policy work coming from the NSW government in this space.

In summary, SSG believes:

- The proposed PDRS is an excellent initiative for all stakeholders.
- SSG's focus is on batteries operating within a VPP (including communications with appliances such as air conditioners and pool pumps in a future development).
- AEMO battery projections are conservative, based on our sales expectations.
- We believe Electric Vehicle batteries will revolutionise this space later this decade, being generally around 10 times the capacity of home batteries.
- We support the notion of adding increased demand (to complement demand reduction) to the PDRS, to support the network in minimum demand scenarios. Batteries are ideally suited to this dual function.

Due to our focus on batteries and our upcoming VPP, we have limited our responses to those consultation questions most relevant to our business.

9. What would be a reasonable commencement date for the new energy saving and peak demand reduction targets? Please provide an explanation for your response.

We believe an early commencement date is preferred, as we are rapidly installing batteries and our VPP launch is imminent. An early launch of PDRS would allow us to quickly implement arrangements to enrol and maximise value for a substantial number of customers, and maximise impact for the ESS PDRS initiative.

11. What support does industry need to prepare for the introduction of the scheme? Please provide an explanation for your response.

The only support required is as much certainty as possible of the parameters of participation in the scheme, plus open, fair and transparent administration.

Additionally, initial enrolment in the scheme of a relatively small number of customers with a limited demand response capacity would allow proponents to trial the scheme with a manageable number of residential consumers. This would allow them to prove their business model, minimising risk, before increasing the number of customers and demand response capacity.

24. How can the scheme's certificates best capture capacity, timing, duration and availability factor?

This is complex, and there are likely multiple solutions.

We anticipate participation in the ESS PDRS initiative by our VPP and energy consumers would be concurrent with other energy market related revenue streams. Designing the scheme certificates to be compatible with those other revenue streams, allowing access to more than one revenue stream at any given time by any item of equipment, is preferred. Provided actual positive benefits of the scheme and the other revenue streams are not reduced, this will maximise the opportunity for certificate creators and energy consumers.

For example, FCAS provides revenue for availability, provided despatch is enabled when required. Given that FCAS and the PDRS scheme are likely to be complementary (at least most of the time) providing revenue for availability (perhaps with a discount for the proportion of time enablement is unavailable due to a clash of the two streams) will maximise customer availability, and minimise cost for being available. Providing certificates based on a retrospective claim (rather than deemed) might also provide a simple mechanism to cater for the interaction of the two similar revenue streams (FCAS and ESS PDRS).

The interaction of house load on battery interventions is also relevant. It is possible that intended demand reduction actions (by discharging batteries) will be reduced in effectiveness by being absorbed by house loads. Also, inverter limits may cap the size of the intervention. Interventions may be enhanced by allowing for the interaction of complementary actions at the same time. For example, if peak demand reduction was desired, a combined intervention consisting of battery discharge and pool pump/air conditioner load reduction is likely to have a more significant benefit than battery discharge alone (which may see some of the discharge absorbed by the house loads). Similarly, if demand support was desired (in low demand times) then the combined action of battery charging and applying load would be desirable. Recognising the increased impact of concurrent complementary interventions (compared to the sum of the separate interventions) may enhance the practical benefit of the scheme by incentivising such complementary interventions.

30. Which calculation methods should be developed first?

We suggest a focus on a deemed method first, as this is simpler and easier for us to sell to customers.

Alternatively, given the abundance of data available (required for FCAS validation) we are open to a retrospective claim method (rather than deeming). Capacity could be accurately calculated from the data and claims submitted periodically for certificates, especially if this resulted in higher incentives due to the increased certainty of the data.

31. Should location-based multipliers or activities that are specific to certain locations be considered?

We recognise the need to balance simplicity with incentives. Intuitively, location based incentives, especially given location based network constraints, would seem logical and more likely to unlock efficient interactions between customers and the network. Perhaps this could be included in a future iteration of the proposed initiative if considered too complex at launch.

Thank you again for the opportunity to provide feedback on this proposal. We welcome any further opportunity to provide more detailed information if that is of assistance to you.

Regards,



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