



Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000

By lodgement: <https://www.aemc.gov.au/>

7 September 2020

Subject: DISTRIBUTED ENERGY RESOURCES INTEGRATION - UPDATING REGULATORY ARRANGEMENTS

Thank you for the opportunity to provide input into your consultation.

Rheem is the largest local manufacturer of domestic and commercial water heaters in Australia. As our products are reliant on a reliable energy source for their operation, we have a significant interest in the outcome of your consultation. Over the last 5 years we have expanded our traditional water heating business to include the supply of photo-voltaic and embedded storage battery systems, and importantly the development, manufacturing and supply of “smart” remotely managed water heaters that interoperate with a home’s other DER. At the time of writing we are managing the DER of approximately 1200 sites across Australia.

Given that consumer exposure to the potential of the DER market is only at a very early stage, we welcome any initiative that seeks to lay down some clear guidelines on how the market may operate in the future. Our investments in both building a sales organisation around DER equipment such as PV and batteries, and our development of potential DER water heating products, means that we are supportive of sensible regulations that will ensure that consumers are able to receive a fair return on their DER investments.

Whilst we are loathe to claim expertise regarding the merits of the varying positions supported by those proposing these rule changes, we would make the following general comments:

- All consumers (prosumers or otherwise) should have a right to share in the network benefits that the rollout of DER management will bring.
- DNSPs should be required to offer access to the distribution network to export energy, on a fair and non-discriminatory basis.
- Consumers should be rewarded for curtailing energy export (by increased self-consumption or export limiting by choice) during periods of excess energy production.
- Concern that future network expenditure required to manage DER underestimates the offsetting network cost benefits from increased home based DER/HEMS management.



Rheem's experience with consumers attempting to participate in Australia's nascent DER market would suggest that there is both a high level of enthusiasm amongst the population and a willingness to adopt new technologies. We do also find however, that a lack of clarity around future regulations and requirements, and the potential that a technology may become obsolete due to regulations, are major inhibitors for both consumers and those supplying the market. Clarity such as that proposed in the consultation is just one part of addressing this uncertainty.

We note that the AEMC plans to establish a Technical Working Group as a targeted consultation mechanism and to continue the collaboration among energy sector participants started by the DEIP process. Rheem, as a local Australian manufacture that has a considerable interest in the outcome of DER rules, and considerable real world experience in the orchestration of a diversity of connected DER, would welcome the opportunity to participate. We have a number of individuals who have worked closely with regulators on DER issues including participation in:

- ARENA Sponsored DEIP (Distributed Energy Integration Project);
- AEMO VPP Demonstrations Consultative Working Group;
- DER Integration, API Technical Working Group (Australian Implementation Guide Development for the IEEE2030.5 Standard);
- Monash University DEF (Digital Energies Future) Advisory Committee.

In closing, we sincerely believe that any significant change to the way that energy networks function, and the rules that govern them, should be well considered, future proof, have a long term horizon, and be signalled well in advance. To operate the energy market any differently will result in potentially thousands of products in people's homes that no longer operate as intended, nor deliver the benefits promised at the time of purchase. Australia's current approach to DER does not meet this standard, so we welcome this initiative.

If you have any queries regarding this response or our market, please don't hesitate to contact me per the contact details below.

Yours Sincerely



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