



Energy Security Board
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Subject: GOVERNANCE OF DER TECHNICAL STANDARDS CONSULTATION

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.

Having invested considerable time and resources into developing a capability to participate in the DER market, we are acutely aware of the issues highlighted in the ESB’s consultation. We are often frustrated by the lack of clarity regarding rule setting, product standards and the seemingly piecemeal approach to individual initiatives at a jurisdictional or regulatory level. We have participated in many workshops on this issue, and held many meetings with a range of regulators, and it is clear that the lack of an overarching approach to DER, managed by a single regulator, is a major inhibitor to progress in this area.

Our single greatest concern at the present moment is the desire by some jurisdictions and a national regulator (AEMO) to attempt to mandate a very simple demand response standard for a range of appliances. Whilst the standard (AS 4755) will allow more sophisticated solutions to be provided, the ability to comply via an unsophisticated on/off solution will encourage most consumers to install products that will exclude them from participating in the energy market of the future. This “rush to the bottom” is occurring at the same time that sophisticated international standards such as ANSI/CTA-2045 and IEEE2030.5 are being widely adopted overseas.

What is obvious from our experience is that the lack of a blueprint for how DER will be managed within the future energy market is stymying debate on the best way forward and is used increasingly as a justification to “just do something” even if it is a second best solution.



We therefore are supportive of the ESB's approach to bring the varying threads of DER management under the control, direction and oversight of a single body. We are particularly enthused that this oversight would extend to those product standards for appliances that will be underpin the growth in DER.

We note that the ESB has indicated a willingness to appoint "a representative for DER Original Equipment Manufacturers (OEMs)" to the proposed DER Standards Governance Committee. We are of the view, however, that limiting this representation to a single individual is unlikely to provide the Committee with sufficient breadth of knowledge given the different product technologies involved in DER and the variabilities of the markets which these products service. Our experience is that those claiming to have a broad knowledge in this area are not necessarily representatives of the industry.

If and when the ESB seeks to constitute the committee, Rheem, as a local Australian manufacture that has a considerable interest in the outcome of DER standards, 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 are 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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