

13 October 2017

Mr Warwick Anderson
General Manager, Network Finance and Reporting
Australian Energy Regulator
GPO Box 3131
CANBERRA ACT 2601

By email: DM@aer.gov.au

Dear Mr Anderson,

RE: Demand Management Incentive Scheme (DMIS), Demand Management Incentive Allowance (DMIA) Draft Rule change and early implementation

Thank you for the opportunity to respond to this consultation. We are pleased to offer a response to the consultation on the DMIS early implementation rule change.

GreenSync is an energy technology company that is pushing the boundaries towards more flexible and decentralised grids – keeping grids stable and efficient whilst absorbing more renewable energy. We provide customised energy management solutions and products to our clients.

We are focused on building the technology to support an integrated, reliable, sustainable and affordable electricity grid through the use of DER marketplaces.

We firmly believe that the Demand Management Innovation Allowance Mechanism (DMIA Mechanism), the Demand Management Incentive Scheme (DMIS) have an important role to play in allowing networks to explore the technologies and approaches required to deliver upon the ENA Transformation Roadmap soon as practical.

Our comments focus on a number of aspects of relevance to the draft Demand Management Innovation Allowance Mechanism (DMIA Mechanism), the Demand Management Incentive Scheme (DMIS) and the draft Rule Change request.

Early implementation

GreenSync considers that early implementation is essential to allow networks, technology companies and retailers to begin the transformation required to our energy systems. We note the emphasis from many parts of the market – especially consumers – that further delay to this rule change is unnecessary. GreenSync supports the adoption of this rules change immediately across all networks.

Option value

GreenSync welcomes the AER's move to including option value approaches to DMIA proposals. The inclusion of Option Value helps progress the analysis of network investment towards a more accurate reflection of the current technological developments at both large and small scale, specifically reflecting the risks associated with stranded assets.

GreenSync considers that the options value calculations should, in fact, be mandatory in all DMIS/DMIA applications.

Scope of projects and ease of implementation

We encourage the AER to require that projects that qualify for the DMIA Mechanism are as simple as possible and, even, include small scale opportunities.

In our view, the DMIA Mechanism, should encourage simple and efficient approaches that can be – ideally – easily replicated. To explain this further, we posit that for the cost of compliance to be minimised, and uncertainty reduced, there should be a framework under the mechanism to allow networks to prequalify types of DMIS projects. We propose that networks should be able to agree a mechanism with the AER as part of the application process which allows them to publish and contract with pre-qualified project formats. Any such pre-qualification and projects included therein should be auditable and publicly reported on.

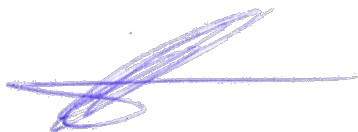
We would encourage the AER to provide a framework for the types of projects which would pre-qualify and the requirements for contracting and publication. In our view, this could include projects for network support, such as:

- Development of Decentralised Energy Marketplaces;
- Capacity management;
- Deferral of capital or operational expenditure;
- Service target performance incentive scheme (STPIS) avoidance and other SAIFI or SAIDI reliability improvements;
- Improving power quality.

We believe that DMIA/DMIS project emphasis should be placed not only on large sized projects (such as RIT-D scale), but also on smaller value projects. We believe that this could be enabled via the bundling or pooling of DMIS spend to allow for the delivery of many smaller projects; allowing for the amortisation of the benefits across the pool. In our view, incorporating pre-qualifying project types and bundling smaller value projects (that are repeatable) would increase the efficiency for regulatory approvals and incentivise innovative solutions to be delivered.

We welcome the opportunity to expand on the above comments – via getting in touch with Matt Coleman (details below), or Bridget Ryan (bridget.ryan@greensync.com.au).

Sincerely,

A handwritten signature in blue ink, appearing to read "Matt Coleman", with a long horizontal line extending to the right.

Matt Coleman

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