

9th April 2021

dem.smartappliances@sa.gov.au

Dear Sir/Madam

Consultation: 'Proposed Demand Response Capabilities for Selected Appliances in South Australia'

Air Conditioners

The Consumer Electronics Suppliers Association (CESA) welcomes the opportunity to comment on the ***Consultation: Proposed Demand Response Capabilities for Selected Appliances in South Australia***.

CESA is the premier national, industry body in Australia representing suppliers of consumer electrical and electronic appliances and equipment. Members of CESA include major global suppliers of products such as televisions, home entertainment products, computers, monitors, whitegoods, cooking appliances, gas appliances, small appliances, accessories and air conditioning equipment.

General Comments

CESA does not support regulations that impose state-based requirements that are not uniform across all jurisdictions. The introduction of specific specifications for market entry results in increased product costs and additional costs associated with the duplication of model numbers and systems to track the distribution of 'special' models.

The South Australian market represents a very small proportion (approximately 6%) of the Australian air conditioning market. There is significant risk of product removal from the South Australian market if state-based requirements are introduced. This will have a negative effect on the residential construction industry in South Australia.

Demand response control for Air Conditioners is not new to the industry, many manufacturers embraced the concept when the AS/NZS 4755 standard series was published and designed and manufactured product to comply with AS/NZS 4755.3.1:2012.

Initially manufacturers incorporated the demand response interface into their air conditioners expecting demand response management to become a sought-after market feature, especially when the demand response capability was displayed on the Energy Rating Label. As time progressed it became obvious that only a few isolated energy markets were utilising demand response management. Due to the low uptake, many air conditioner designs moved to a demand response interface accessory module, this

approach allowed suppliers the opportunity to utilise international models with a cost-effective Australian demand response capability offering at the time of installation rather than built into each product.

Presently in South Australia there is a mix of demand response capable product, some with demand response interface on-board and others requiring the demand response interface accessory for compliance to AS/NZS 4755.3.1:2012. The weak demand for DRM capable product has resulted in manufacturers holding low inventory of the accessory demand response interface modules.

Development of product compliant to AS/NZS 4755.2 has not commenced and will only commence when the standard is published, and 'black-letter law' exists providing a timetable for implementation.

CESA members are concerned with the impact to business and the need for consideration of the risk to the South Australian economy in the event of equipment supply shortage related to development issues of demand response capabilities.

Specific Comments

Base Case – *comply with;*

- *AS/NZS 4755.3.1:2014; or*
- *AS/NZS 4755.2 (when published); or*
- *The equivalent of the superseded AS/NZS 4755.3.1:2012 (for a limited period of 2 years from the Determination). This option will no longer be available for products registered after 30 June 2025.*

Demand Response modes;

All air conditioner types subject to the Minimum Energy Performance Standards (MEPS) (excluding portable air conditioners), up to a cooling capacity of 19kW inclusive, registered after 30 June 2023 must comply with DRM1, DRM2 and DRM3.

The Base Case allows existing DRM product designs to be utilised using the external DRED model. Some suppliers already have products compliant to AS/NZS4755.3.1. off the shelf. An implementation schedule would be required to allow all suppliers the opportunity to assess their product range and assess their business model for South Australia.

There is considerable apprehension regarding the Energy Ministers model stated in the paper. To date the Commonwealth is yet to advise a change to the GEMS Act and legislation that would allow demand response to be mandated. Without legislation the demand response Determination cannot be drafted and the timeline for its implementation advised. The 1 July 2021 Determination date in the paper seems highly unlikely at this point in time. A delay in the Determination results in a delay to the Energy Ministers modelling.

Option 1 – Implement the recommendations agreed by Energy Ministers two years earlier than the nationally agreed schedule, from 1 July 2021.

Suppliers already have product compliant with the Energy Ministers requirements stated in the paper (AS/NZS 4755.3.1) however demand response interface accessory modules have proliferated the industry over the years. Suppliers would require time to purchase stocks of the modules (COVID has severely disrupted supply channels) before being in a position to offer demand response compliant product in volume.

CESA supports Option 1 provided it is adopted Nationally with sufficient lead time to allow suppliers to arrange compliant product.

With a National approach we do not see the need for a separate South Australian registration database.

Option 2 – Option 1, but with higher performance requirements, including requiring a full range of DRMs, and permitting compliance via AS/NZS 4755.2 (wireless) only.

This is not feasible, AS/NZS 4755.2 is not published.

Manufacturer's will require at least 3 years from 'black-letter' law or the publication of AS/NZS 4755.2, whichever is the later, to be able to comply with the standard requirements. AS/NZS 4755.2 requires extensive product development involving remote agent interface, cybersecurity and interoperability design and testing.

South Australia is approximately 6% of the national air conditioning market, to add the wireless DRED capability to a small proportion of a supplier's product is unlikely to be economically viable and therefore suppliers are likely to choose not to support the South Australian market. Such a change will certainly lead to a reduced range of available products with the real possibility of specialist and more sophisticated product designs (such as multi-split) disappearing.

Apartment projects are usually long-term fixed price contracts. For example, a sudden sales ban could mean an apartment project cannot access the contracted air conditioners and force product switching or project redesign. It would be difficult for a developer to recover increased costs from the off the plan buyers.

Option 3 – Implement according to the Energy Ministers' schedule, but with higher performance requirements (as in Option 2).

CESA is supportive of Option 3 once the Energy Ministers schedule for national implementation is known however requires a 3-year introduction date from 'black-letter' law or the publication of AS/NZS 4755.2, whichever is the later.

Compliance with AS/NZS 4755.2 will, in addition to the issues stated above, require the new model designs to be testing and registration under GEMS which entails substantial cost and time.

If option 3 was only adopted in South Australia it is anticipated that low volume, often more sophisticated models may not be re-engineered and therefore withdrawn from the South Australian market.

In this situation CESA asks that consideration should be given to low sales volume models to allow compliance with AS/NZS 4755.3.1. with wireless DRED provided by a 3rd party.

CESA looks forward to further consultation on this matter prior to the introduction of new regulations.

Yours sincerely,



Stuart Parker
General Manager
Consumer Electronics Suppliers Association
stuart.parker@cesa.asn.au