

9 April 2021

Department of Energy & Mining  
11 Waymouth St,  
Adelaide SA 5000  
By email: [dem.smartappliances@sa.gov.au](mailto:dem.smartappliances@sa.gov.au)

**Subject: Consultation on ‘Proposed Demand Response Capabilities for Selected Appliances in South Australia’ and ‘Proposed Amendments to Local Energy Performance Requirements for Water Heaters’**

Thank you for the opportunity to comment.

By way of background, Rinnai Australia has numerous Australian manufacturing facilities and employs nearly 600 staff across the country. Many more people are directly employed involved in the sale, installation and aftermarket servicing of our products which are sold under many brands including Rinnai, Brivis, APAC, Hotflo, SE, Sunmaster and POLO.

Rinnai is a major supplier of all varieties of residential and commercial water heating and climate control technologies into the Australian market with an annual turnover exceeding \$400 M. Rinnai is the second largest supplier of water heating products in the Australian market and technologies include electric resistive storage, heat pump, solar and gas. Our storage water heaters are locally designed and manufactured. Indeed, Rinnai invests over \$3 million pa into local product research and development.

Our comments are as follows:

- a. The South Australian proposals are based on an assumption that there will be national GEMS DR Determinations within the next 2 years, based on a COAG energy ministers decision made late 2019. This assumption is incorrect. Minister Taylor refused to accept the COAG decision based on a finding by the OBPR that the RIS that formed the basis of the decision was flawed. A further complication is that 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 Determinations cannot be drafted and the timeline for its implementation advised. The 1 July 2021 Determination date assumed in the consultation paper seems highly unlikely at this point in time.
- b. Regarding electric resistive water heaters, Rinnai do not support the proposal that appliances offered for sale in South Australia after 1 July 2021 must be compliant with AS/NZS 4755. The reasons are that this is contrary to our belief that regulatory requirements should be nationally consistent, the costs to consumers of both product and activation will be significantly more than has been estimated and the proposed timings for the availability of compliant water heaters are simply unachievable, noting that none of our water heaters currently have DR functionality. Rinnai support the submission by the Australian Water Heating Forum (AWHF) which outlines

industry concerns and rationale in detail and endorses the alternative solutions offered for consideration, as follows:

- Align the timing for the introduction of any new South Australian water heater regulations with those that occur at a national level
  - Avoid the stranded assets that “dumb, one-way communication” 4755.3 compliance will deliver to consumers
  - Exclude electric water heaters less than 125 litres in size from any demand response requirements, due to their limited contribution to demand response and the high proportional cost of compliance
  - Provide sufficient time (3 years) from the publication of AS/NZS 4755.2 before mandating it as a requirement, to allow product development to occur
  - Investigate international demand response appliance standards that may potentially offer a lower cost of compliance than AS/NZS 4755
- c. Regarding air conditioners, Rinnai support the principle of the ‘base case’ as this is the only option that achieves national consistency, noting that there is as yet no timeline for national GEMS determinations, as outlined in (a). It follows that we do not support Options 1-3. Nevertheless, should SA DEM ‘preferred Option 3’ be adopted we would require a 3 year transition from the publication of AS/NZS 4755.2 to allow sufficient time for product development, testing and registration on the GEMS database.

We look forward to further engagement regarding this matter. Please contact me if you have any queries relating to this submission.

Best Regards



Leon Bogers  
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Rinnai Australia Pty Ltd.