

28 June 2024

Energy Sustainability Schemes
Independent Pricing and Regulatory Tribunal
New South Wales Government

Response to PDRS Method Guide Consultation

Context

Reposit Power sells and installs solar panels, batteries, and other consumer appliances as part of delivering our 'No Bill' product for residential customers. We operate across New South Wales, Victoria, Queensland and the ACT. We also operate our own Virtual Power Plants across the National Electricity Market, delivering a variety of demand response services. As such, we have a keen interest in the Peak Demand Reduction Scheme, and how it is applied to Battery Energy Storage Systems (BESS) under both Store & Shift Capacity (SSC) & Home Annual Demand Response (HADR) methods. We are likely going to proceed with registering as an Accredited Certificate Provider, and have reviewed the Method Guide Consultation Draft ahead of application, and the commencement of the BESS1 and BESS2 activities in November. Where we have not addressed a question or component of the Method Guide, we have no feedback to provide.

Review of Rule Change

A. BESS1 Evidence Requirements (Table B.7)

The majority of the information required surrounding battery installation aligns well with record-keeping best practice for the industry. Warranty & technical information is generally part of consumer manuals & guides which CEC-accredited installers are expected to provide to customers, which makes these requirements reasonable and attainable.

Regarding evidence of no existing battery, we would highlight that this is not always a simple case, which seems to be reflected in the suggested forms of evidence. Specifically, many recalled LG-Chem batteries have been removed and refunded, but the hybrid inverter is still installed as a solar-only inverter, and the AEMO DER Register may still list a battery onsite, as there is generally no process followed to declare the removal of BESS from a residential connection point. In cases such as this, photos and a customer declaration would be the only appropriate evidence, but may be contradicted by the DER Register.

Regarding the creation and management of approval lists (for eligible equipment, DRAs, etc), we note that many other subsidy programs (Solar Vic Battery scheme, for example), as well as DNSP registration requirements, duplicate the CEC Approval lists. It seems likely IPART will elect to do something similar. While this is a good approach, it can create frustration when a newly-approved piece of equipment is listed by the CEC, but duplicate databases (such as DNSP registration systems), or potentially IPARTs list, become outdated. It also creates additional risk around reporting timeframes - if evidence of implementation cannot be submitted due to an valid-but-unlisted new product, there is risk that terms such as "the 15th day of the subsequent calendar month" may not be met by ACPs.

B. BESS2 Evidence Requirements (Table B.8 + Draft Nomination Specification)

The principles behind the BESS2 requirements are good, but the evidentiary requirements should be carefully considered against the relatively low number of PRCs generated under this method.

Firstly, forcing consumers to remain in a particular DRA contract for 3 years is high-risk for energy consumers, and has limited enforceability under the National Electricity Rules. We would like to clarify that, while certificates are generated for a 3-year implementation period, and the contract should cover this period, reasonable DRA contracts are likely to have exit clauses that allow consumers to exit the contract at any time. We expect that this will be allowed, rather than a lock-in model for 3 years. We do not anticipate that there will be many cases of nefarious action wherein the activity is undertaken to deem certificates, but the customer then terminates the DRA contract immediately. Reposit Power has found that keeping customers engaged in DRA activities requires incentive, generally larger than PRCs alone, which means that any reasonably functional DRA must have a business model that incentivises customers beyond the value of generated PRCs.

The value of PRCs created through BESS2 is not negligible, but it is also not particularly significant compared with the administrative work required to ensure compliance and auditability. It would be prudent to establish a rigorous periodic process for verifying and renewing approved DRAs, while minimising the per-customer workload involved. This is not a direct comment on any individual element of the proposed method, rather a broad warning to ensure that the onboarding cost does not significantly diminish the value delivered via PRCs. For example, an existing Reposit customer with an eligible battery system of 11.6kWh (10.44kWh usable) is eligible for creation of approximately 126 PRCs for 3 years of HADR, valued at time of writing at approximately \$239. When cost of labor & transactional costs are removed from this, the intensity of administration critically impacts how much value remains for consumers. Unlike BESS1, where businesses are incentivised by the significant value from selling hardware and performing installations, enrolling customers with batteries into a Virtual Power Plant is a smaller opportunity, with a more constrained value-stack, making business process efficiency paramount.

With regards to the Draft Nomination Specification, we believe that the draft is an excellent approach. The included capacity holder declaration is particularly valuable for simplifying how a DRA/ACP can ensure that the no-life-support-equipment BESS2 requirement is met, with onus on the customer to disclose this information. The presence, addition, or removal of life support equipment is generally not within the scope of a DRA or solar installer to control or monitor.

Suggestion Summary

1. Clarification on contract termination

Clarify that DRA contracts can be terminated by the customer within the 3-year deeming period, or if they must be binding for the 3-year duration.

2. Balance BESS2 administrative requirements with value

Ensure that the administrative and transactional overheads for a DRA/ACP do not significantly diminish the value of creating PRCs from the BESS2 activity.

As an overarching statement, Reposit Power requests that IPART adequately monitor and enforce the requirements laid out. The overhead cost of comprehensive administration and recordkeeping will be significant, and being undercut by noncompliant operators poses a risk to the value of the PDRS, both to businesses delivering best-practice, and NSW energy consumers.

Conclusion

Reposit Power welcomes the addition of BESS to the PDRS, and is comfortable with the evidentiary requirements set out in IPART's consultation paper. The requirements set provide critical levels of consumer protection, and we welcome this effort to ensure that consumers are protected, both when installing new battery systems, and allowing their battery systems to contribute to the broader electricity system via Virtual Power Plants.

Kind regards,

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On behalf of Reposit Power

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