



Media Release

Demand response pilot program opens for applications

The Australian Renewable Energy Agency (ARENA) today announced a \$22.5 million competitive funding round to drive innovation in demand response will open tomorrow on 8 June.

The pilot program is a joint initiative with the Australian Energy Market Operator (AEMO) which will seek to trial demand response in the National Electricity Market.

Through a competitive funding round, ARENA will provide up to \$22.5 million in grants to trial demand response technologies and implementation models over three years.

There is also the potential for the pilot program to be scaled up and expanded with funding from state governments.

The initiative will provide approximately 100 megawatts of capacity which can be called upon during grid emergencies and extreme peak demand days, to avoid involuntary load shedding.

Demand response involves paying energy users - including both commercial, industrial and residential consumers - to reduce their energy consumption, free up stored supply or switch to distributed generation, when reserve capacity falls to critically low levels.

The funding round will be open to a wide range of demand response technologies and methods from demand response aggregators to smart thermostats to battery storage to behavioural demand response projects.

ARENA funding will provide grants to fund technology for energy users to become demand response-enabled, including metering, monitoring, storage and distributed generation equipment and other set up costs.

If demand response providers are activated, AEMO will also pay for usage through its existing Short Notice Reliability and Emergency Reserve Trader (RERT) scheme.

ARENA Chief Executive Officer Ivor Frischknecht said ARENA's funding would help to bridge the gap between innovation and commercialisation in demand response, and would support grid security and stability needed to enable more renewable energy.

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“Flexible and responsive demand side resources are important as we transition to an electricity system powered by more variable renewable energy, such as wind and solar.

“With this pilot program, we want to find smarter, more affordable and more efficient ways of managing peaks in demand, relying less on fossil fuel generation we only need a few days a year,” Mr Frischknecht said.

“A well-designed demand response program can make better use of our existing electricity infrastructure, reduce energy costs for consumers and reduce emissions,” he said.

The pilot program to be rolled out this summer would provide a contingency for extreme hot days and unplanned outages.

“This pilot program will allow us to manage demand in real-time and provides us with a safety net in case of emergencies.

“From Texas to Taiwan, demand response programs have been proven to be a cost-effective, common sense way of managing peak demand. We hope this pilot will inform and lead to future reform,” Mr Frischknecht said.

The demand response pilot is the first proof of concept initiative jointly developed by ARENA and AEMO under their Memorandum of Understanding signed in May.

The design of the initiative has been informed by consultation with industry stakeholders, including an A-Lab innovation workshop held on 19 May 2017 and a Request for Information which received more than 50 responses.

The funding round will open on **8 June 2017** and close at **5pm on 10 July 2017**.

Key funding documents - including the funding announcement and funding agreement - will be available on ARENA’s website.

For further information, visit arena.gov.au/funding

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