



Media Release

Friday 23 June 2017

Demand response trial expanded for NSW

The Australian Renewable Energy Agency (ARENA) and the NSW Government today announced \$15 million in funding to pilot demand response in New South Wales this summer.

The NSW Government has committed \$7.5 million in funding to be matched by ARENA, bringing the total ARENA funding for its demand response competitive round to \$30 million.

This will expand the demand response pilot program to be rolled out this summer to a total of \$37.5 million in funding over three years.

This competitive funding round is a joint initiative with ARENA and the Australian Energy Market Operator (AEMO) which will reduce demand on extreme hot days or during emergencies, to avoid unplanned outages.

This \$15 million funding pool will be reserved for NSW projects, with the aim to generate 60-70 megawatts of demand response capacity to be available during extreme peak demand days and emergencies.

ARENA has previously committed up to \$22.5 million over three years in grants to trial demand response technologies and implementation models in the National Electricity Market, with a focus on South Australia and Victoria.

ARENA will now allocate the original \$22.5 million to projects outside of NSW, with the aim to provide approximately 100MW of demand response in the rest of the NEM.

In May, the NSW Energy Security Taskforce in its initial report identified that extreme weather - such as Sydney's February heatwave - can create spikes in demand which can result in energy supply falling short.

In its initial report, the Taskforce recommended the Government take precautions during energy emergencies including providing guidance on how to reduce demand effectively during peak periods.

ARENA media contacts:
0410 724 227
media@arena.gov.au

**For more
information**
arena.gov.au

ARENA and AEMO's pilot program to trial demand response has also been endorsed by Chief Scientist Alan Finkel and his team in the final report of the Independent Review on the Future Security of the National Electricity Market.

The competitive funding round for applications to be part of the pilot program will be extended by one week and will now close on 17 July 2017.

NSW Minister for Energy Don Harwin said that this pilot showed that energy security is a key priority.

"We need national market reform through the Finkel Review to secure a clean, affordable and reliable energy future. Part of that is reforming the market so we have smarter ways to ensure security, and this pilot will help accelerate the case for national reform.

"This is a tangible way for NSW to deliver greater security in the lead up to summer, and we welcome the partnership with ARENA and AEMO in our shared vision for a smarter future energy market," he said.

ARENA Chief Executive Officer Ivor Frischknecht said the matched funding from NSW allowed the pilot program to be expanded.

"With the support of the NSW Government, we are able to scale up the pilot program by more than 50% which we expect will offer more than 160 megawatts of innovative demand response across the National Electricity Market - of which more than a third will be available for NSW.

"And this is just the beginning. This pilot program will provide proof of concept for how innovative and flexible demand side resources can help provide security and reliability as we transition to an electricity system powered by more variable renewables," Mr Frischknecht said.

"A well-designed demand response program will provide a contingency in case of emergencies without relying on fossil fuels. Long term we expect electricity use to increase when renewable energy is plentiful and decrease when it is in short supply. This will make better use of our existing electricity infrastructure and help reduce energy costs for businesses and households," he said.

Background on the Demand Response Initiative

This a joint initiative between ARENA and AEMO that will involve paying energy users to reduce their energy consumption, free up stored supply or switch to distributed generation on request 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 called upon, AEMO will pay for usage through its existing Short Notice Reliability and Emergency Reserve Trader (RERT) scheme.

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 is now open and will close at **5pm on 17 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