



## **SUBMISSION ON THE ENERGY SECURITY BOARD'S POST 2025 MATURITY PLAN**

### Introduction

The Air Conditioning and Refrigeration Equipment Manufacturing Association (AREMA) welcomes the opportunity to comment on the Energy Security Board's Paper on the Post 2025 Maturity Plan. AREMA strongly supports the approach of developing a medium-term strategy based on effective consultation and consensus building.

Established in 1967, AREMA (the Air-Conditioning & Refrigeration Equipment Manufacturers Association of Australia) represents the interests of air-conditioning and refrigeration equipment manufacturers and importers active in the Australian market. Our members include leading companies involved in supplying over 80% of air conditioners to the Australian market. We work with government and industry on policy formulation and regulation to achieve the best outcomes for our members and the wider community.

Our aim is to:

- Help reduce the environmental footprint of air conditioning and refrigeration.
- Encourage members to design and manufacture energy efficient equipment
- Encourage our members to deliver real energy savings to consumers
- Reduce ozone depleting substances (ODS) and greenhouse gases in a safe and controlled manner
- Work closely with government to ensure the safe implementation of standards that will benefit end users and product designers
- Work with other local and global associations to ensure we adopt world's best practice
- Provide a unified voice for representation to government and industry on key issues
- Represent the air conditioning and refrigeration industry on key standards committees and, where possible, assist members to interpret these standards.

In responding to the discussion paper, AREMA attempted to answer the questions posed. Unfortunately, the paper did not consider the issues from the perspective of equipment manufacturers and the issues they face in meeting the requirements of a transformed grid. Accordingly, this submission will simply lay out issues from that perspective and not look to provide commentary on issue of wider grid architecture.

There are two main issues for air conditioning manufacturers.

## **Operationalising Demand Response**

There is an assumption in the rationale in the discussion paper that all models will be able to be fitted with a demand response capacity that, as of now, is undefined. As Australia, a small market in global terms, is the only jurisdiction globally pursuing this approach further consideration is needed. Given the size of the Australian market, it seems likely that unless an Australian requirement meet an international standard, manufacturers would limit their investments to those models which sell the most, typically the ones that just meet MEPs. The result of this proposal is that the Australian market would meet, over time, the demand response requirements but would have less choice particularly when it came to smaller selling highly efficient models. A poorly targeted demand response standard could act to reduce the positive impact of energy efficiency that industry has invested millions of dollars and twenty years to achieve.

Accordingly, AREMA urges that ESB make haste slowly and not include appliance like air conditioners in a scheme without careful consideration and genuine engagement with manufacturers to determine what is possible in an initial minimum standard. The best move for ESB is to do the hard work and genuinely consult with device manufacturers and not make a premature and poorly informed decision. Any planned approach needs to be coordinated internationally, include international standards associations, and ensure companies can input into designing the detailed technical requirements that their equipment will need to meet. This approach is necessary and will take time, money, and commitment by Australia.

## **Data Security**

Remote access to air conditioners presents a range of challenges. Standards and methods that can be rolled out for the industry need to be robust to protect, consumers, the grid and the wider community. These standards do not currently exist. The challenge is further complicated that current tools enabling consumers operated by manufacturers are run through overseas servers in – mostly – Singapore or Hong Kong. Again, there is going to need to be careful consideration of a range of issues to ensure system security is maintained.

## **Final Point**

AREMA recognises the necessity for and challenges that exist with redesigning the electricity grid. The current approach does not detail a process for these issues to be addressed in a way where air conditioners can be included securely and effectively. This needs to be addressed as a matter of priority. AREMA stands willing to work with you on these issues. Please do not hesitate to contact us if we can be of any assistance. Contact details are:

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