

Mr. John Pierce  
Chairman  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235  
Submitted via [www.aemc.gov.au](http://www.aemc.gov.au)

18 May 2018

Dear Mr. Pierce,

Response from Zen Ecosystems Holdings Pty Ltd to the AEMC's Reliability Frameworks Review – Directions Paper dated 17 April 2018 (EPR0060).

Zen Ecosystems was recently named one of the Fast Company World's Most Innovative Companies in the energy industry, highlighting its ability to help businesses more intelligently manage their HVAC and lighting systems to reduce energy consumption and participate in demand response.

Traditionally, commercial and industrial energy usage has been controlled by building management systems, which are usually only cost effective for large or industrial-use buildings. The Zen technology is designed for smaller footprint businesses as a low cost, easy-to-use cloud platform for managing energy-intensive assets across single and multiple sites. The technology also opens the way for large volumes of end-users to participate in demand response initiatives, contributing to the continued stability and reliability of the energy system.

Zen Ecosystems is an active participant in demand response programs across multiple regions in the US, including with SCE and PG&E in California, and is a participant in the AEMO-ARENA demand response trial in the NEM. We work with program administrators, utilities, aggregators and end customers to deliver demand response benefits through automated (OpenADR) or manual DR programs.

The company is headquartered in Melbourne with offices in Newport Beach, CA, and has recently received an equity investment from the CEFC's Clean Energy Innovation Fund.

Zen Ecosystems is grateful for the opportunity to comment on the Commission's Directions Paper. Specifically:

- Wholesale demand response value streams are difficult for us (as an aggregator looking to create new values streams for our customers) to access today. This is primarily because pursuing wholesale DR opportunities that all of our customers are eligible for would require us to establish bespoke commercial arrangements with essentially every retailer in the NEM. Pursuing such arrangements represents an ambitious prospect for a small company like ours focused on our core business of deploying hardware and developing rich data driven customer solutions. As such, in the NEM today, we are only engaging in the type of DR that is readily available to us and easy to access without retailer partnerships: participation in the RERT – a mechanism that sits outside the wholesale market.
- We suggest that of the three options presented, the AEMC's "Option 1" appears to be the most workable and most likely to facilitate new opportunities for a business like ours. We would be pleased to see Option 1 be progressed to become a Rule Change Proposal.
- Option 1 would allow us to innovate and expand our business model in ways that we're unable to do under today's status quo.
- We also believe that our technology and systems are sufficiently mature and well suited to reliably participate in Option 1's proposal to "schedule" wholesale demand response in some way.

# ZEN

- We believe that Options 2 and 3 will do very little to reduce barriers to entry in the demand side of the energy market and leave Australia far behind other jurisdictions like the US, where DR is used as an effective and economical tool to manage network reliability and cost.
- We believe that Options 2 and 3 will continue to favour existing retailers and incumbent market participants, without providing any incentives for new technologies and aggregation approaches by smaller and more innovative Australian businesses like Zen Ecosystems.

Please reach out to me with any queries related to this submission. We would be glad to provide the AEMC with further comment regarding the review or about our business.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'mjoffe', written in a cursive style.

Michael Joffe  
CFO and Corporate Development