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Australian Energy Market Operator (AEMO)  
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### **Emerging Generation and Energy Storage**

Hydro Tasmania welcomes the opportunity to provide feedback on AEMO's Emerging Generation and Energy Storage stakeholder paper.

The stakeholder paper points out that AEMO has received an unprecedented number of registration and connection applications for energy storage systems (ESS) following the connection of the Hornsdale Power Reserve battery system. In addition, AEMO's Integrated System Plan (ISP) projects that around 17 GW of (utility-scale) storage is forecast to be developed by 2040. This significant level of investment in storage will only occur if the regulatory arrangements for storage are clear, efficient and effective. Hydro Tasmania therefore supports AEMO's proactive review of the regulatory framework for ESS.

There are likely to be various ways that storage will be utilised across the National Electricity Market (NEM). Hydro Tasmania supports AEMO's position that where an ESS is scheduled, and could be constrained off, the ESS should not be required to pay transmission use of service (TUOS) charges. This approach acknowledges that the primary purpose of these storage devices is to produce rather than consume electricity. For example, in relation to pumped hydropower the consumption of energy to pump water is to enable the water to be used for the future supply of electricity. To charge TUOS for scheduled systems such as pumped hydro would be inefficient, likely distort investment signals and would not align with the need for significantly more storage investment across the NEM.

Hydro Tasmania welcomes the thorough consideration of defining grid-scale ESS for the NEM. Hydro Tasmania recommends that the definition of ESS should be technologically neutral and should be generic in nature. This would enable a broad range of existing technologies, with varying characteristics, to fall within the definition and not preclude emerging technologies from being

recognised in the future.

Please let me know if you have any questions or require further information ([john.cooper@hydro.com.au](mailto:john.cooper@hydro.com.au) or (03) 6230 5313).

Yours sincerely



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