Tesla Motors Australia, Pty. Ltd.
546 Gardeners Rd
Alexandria NSW 2015

Mr Rainer Korte
Chair, Reliability Panel
Australian Energy Market Commission
Level 15, 60 Castlereagh Street
Sydney NSW 2000

29 January 2026

Dear Mr Korte,

**RE: Tesla's Response to the 2026 Reliability Standard and Settings Review**

Tesla Motors Australia, Pty Ltd (Tesla) welcomes the opportunity to provide feedback to the Draft Report on the 2026 Reliability Standard and Settings Review (the Review).

Tesla is a global leader in electric vehicles and clean energy products, producing a vertically integrated suite of energy solutions including Powerwall, Megapack, and Superchargers. In 2025 alone, Tesla deployed 46.7 GWh of energy storage globally, with its Powerwall network supporting more than 89,000 Virtual Power Plant events across over 1 million installed units, allowing homeowners to save over US$1 billion in electricity bills. In Australia, Tesla has grown rapidly, with 7 GWh of energy storage in operation, and a further 8 GWh+ contracted or under construction.

The Review proposes a range of draft recommendations in response to evolving market conditions. Tesla is broadly supportive of the suggestions, including relaxing the reliability standard to 0.003 per cent USE to maintain existing market price settings, retaining the market floor price, and retaining the administered price cap and administered floor price. Similar to the perspective in the NEM Wholesale Market Review, Tesla believes that the current market price settings and structure are appropriate for the evolving energy system in the medium term.

The one consideration is that while industry may recognise the robustness of the economic modelling in considering the risks and trade-offs to lower the standard, this suggestion to allow for greater USE may incentivise jurisdictions to make state-level interventions to address tail risks, potentially leading to inflated customer bills over and above the value of customer reliability.

Tesla leans towards endorsing the Panel's consideration for automatically triggering the price floor during MSL 3 to address extreme low-demand conditions. Tesla acknowledges and generally supports introducing symmetry to linking MSL to the MFP similar to the LOR framework, however, notes that there are an evolving range of policy instruments currently being designed to address MSL and encourages further consideration for how these mechanisms will interact – and what resources will be able to respond at each level.

Both residential and utility-scale batteries will play a pivotal role in managing MSL risks across all jurisdictions and inherently support reliability-based outcomes given their ability to optimise and respond with agility to price signals. Utility-scale batteries further support MSL conditions through directions (although this introduces significant challenges for all involved parties); Type 1, and now also Type 2, transitional services contracts; and potentially through a new ancillary

service outlined in the CEC's proposed rule change[1]. The range of solutions typically require action at a lower MSL threshold, such as Forecast MSL 2, and therefore, there is a strong likelihood that BESS will be 'full' before an MSL 3 event is to occur and could not respond to the proposed price signal. Consequently, this will lead to higher opportunity costs for BESS to participate in other solutions to address MSL. Nonetheless, Tesla acknowledges that linking MSL to the MFP will impact all market participants, including incentivising demand-response, and that any recommendation put forward considers this.

Tesla commends the Panel for the work undertaken in the Review and reiterates its support for the proposed revised Standard.

Kind regards,

Tesla Energy Policy Team
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[1] https://www.aemc.gov.au/rule-changes/minimum-system-load-reserve-service