

Integrating storage – options paper: stakeholder feedback template

The template below has been developed to assist stakeholders in providing their feedback on the questions posed in this paper and any other issues that they would like to provide feedback on. The AEMC encourages stakeholders to use this template to assist it to consider the views expressed by stakeholders on each issue. Stakeholders should not feel obliged to answer each question, but rather address those issues of particular interest or concern. Further context for the questions can be found in the consultation paper.

Organisation: Alinta Energy

Contact name: Oscar Carlberg

Contact details (email / phone): oscar.carlberg@alintaenergy.com.au / +61409501570

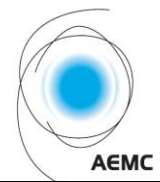
Questions		Feedback
Chapter 1 – Registration and participation framework		
Question 1: Registration and classification (p. 17)		
1	Is introducing a new participant category, an Integrated Resource Provider (option 4), to better facilitate entry and participation of storage and hybrid facility, more preferable than modifying existing participant categories (option 3)? Are either option 3 or 4 more preferable to options 1 and 2?	<p>Alinta Energy considers that option 3 is preferable to options 1 and 2.</p> <p>Option 3 (amending the generator participant class to include storage) has the potential to provide incremental benefits, including:</p> <ul style="list-style-type: none"> ○ Clarifying the performance standards that apply to storage facilities and removing duplication ○ Simplifying the registration process for storage facilities. <p>Option 4 may also deliver benefits by helping the NEM to transition to a two-sided market model, be more technology neutral and more accommodating to innovations. However, Alinta Energy considers that this proposed participant category should be considered against the ESB's recent Directions Paper to ensure it is consistent with the objectives and requirements of a two-sided market. It is too early to discern whether the proposed category would complement the ESB's reforms.</p> <p>Implementing Option 3 would also require coordination with ESB's work program. Alinta suggests that the rule change distinguish the issues that would be more appropriately dealt with by this program (e.g., market design issues), from issues that can be cost effectively solved immediately (e.g., technical or regulatory barriers).</p>
Question 2: Classifying MSGAs (p. 18)		
1	Do you agree that, if an Integrated Resource Provider category (option 4) is established, battery aggregators should use that category and MSGAs should not be allowed to classify storage units exempt from the requirements to register as a Generator? And in that case, should the current arrangements regarding the provision of market ancillary services by MSGAs be maintained?	<p>As stated above, Alinta considers it is too early to discern whether option 4 would complement the market design being contemplated by the ESB, therefore Alinta suggests option 4 should be postponed and re-visited at a later stage (where there are merits for doing so).</p>

Questions		Feedback
Question 3: Existing storage participants (p. 19)		
1	Should existing storage participants be transitioned to a single participant category (as they are currently registered as both a Market Generator and Market Customer)?	No, Alinta Energy considers that existing storage participants should have the option of either continuing to operate their asset under the existing framework or move through a one-way gate to the revised framework. If a rule change is implemented, impacted policy design elements should be grandfathered.
Question 4: Scheduling of hybrid facilities (p. 20)		
1	What proportion of a hybrid facility's sent-out generation capacity would need to be dispatchable for the whole of the hybrid facility's sent-out generation to be able to follow dispatch instructions, under a single DUID?	
2	Would a dynamic approach to scheduling obligations, for example shifting between scheduled and semi-scheduled obligations based on the state of charge of the storage unit, be appropriate, and how should this operate?	
3	Could the same approach be taken to scheduling load where storage is added to a Market Customer's site, or should different considerations apply?	
Question 5: Number of price bands (p. 21)		
1	Do you agree that 20 price bands would be appropriate for grid-scale batteries or would another number of bands be more appropriate?	<p>20 price bands, and the option to retain two DUIDs (as contemplated by options 3 and 4) is preferable to the previous proposal of 10 price bands and 1 DUID as it allows more flexibility – participants would not be restricted to 5 price bands for load and 5 for generation.</p> <p>Retaining two DUIDs can reduce complexity by avoiding the need for hybrid facility participants to co-optimize the output of their facilities in their bids and offers. It also allows for different ownership structures of facilities within a hybrid facility.</p>

Questions		Feedback
Question 6: Dispatching hybrid facilities (p. 21)		
1	Are there certain configurations of hybrid facilities that cannot, or should not, be dispatched at a single connection point?	
2	What benefits are achieved by dispatching a hybrid facility at a single connection point, and what issues arise?	It may be difficult to manage dispatch, GPS and settlement at a connection point level where there are different owners within a hybrid facility. However, this may be manageable through contracts between the owners.
Question 7: Performance standards (p. 22)		
1	What issues may arise if performance and access standards are set at the connection point for hybrid facilities? Would these standards need to be amended to provide appropriate flexibility for hybrid facilities?	As above.
Chapter 3 – Recovery of non-energy costs		
Question 8: Options for the recovery of non-energy costs (p. 27)		
1	Which option do you consider to be the most appropriate for the recovery of non- energy costs from market participants? Please provide detail on why it would be the most appropriate option.	Option 3 which reflects broad causer pays principles appears to be the most efficient and equitable. Options 1 and 2 present a barrier to entry for storage. Alinta also supports the harmonisation of how TUOS/DUOS charges are applied to storage facilities.
2	Are there any other factors the Commission should consider when deciding how non-energy costs should be recovered from market participants?	
3	Are there any implementation issues the Commission should consider?	

Questions		Feedback
Chapter 4 – Additional issues relating to storage		
Question 9: Network service provider connection points (p. 34)		
1	Do you support the solution outlined in this options paper for resolving the potential issues with establishing standards for NSP owned energy storage?	<p>Alinta Energy perceives the following risks where a network operator owns network storage and participates in the market:</p> <ul style="list-style-type: none"> • Costs can be shifted from the contestable market to the regulated network, increasing the price for regulated services and giving the network operator unfair cost advantage in the contestable market. • The network operator can use its control of the regulated infrastructure to give it an advantage in the contestable market. This may include “using technical matters to suppress access in the contestable market, imposing unnecessary costs on competitors, or misusing confidential information...”¹
2	If not, do you consider there to be other potential solutions for resolving this issue?	Potentially requiring that network operators lease the capacity of the battery that is to participate in contestable markets.
Question 10: DC coupled systems (p. 38)		
1	What capital, operational or efficiency benefits do DC-coupled systems provide participants and the NEM as a whole, and how might these benefits help consumers in line with the NEO?	
2	Do you support amending the NER to permit the registration and operation of DC-coupled systems? If so, how should they register and operate?	

¹ p. 50 [Regulatory framework for the Pilbara electricity networks: Light handed access regime](#) – Detailed Design Consultation paper (March 2019)



Questions	Feedback
Question 11: Provision of ancillary services (p. 40)	
1 Do you support AEMO's proposal to redraft ancillary services provisions in Chapter 2 of the NER to make it more consistent with the services approach to regulation currently being considered by the ESB's two-sided market work? Please explain why or why not.	

Other issues:

DC coupled systems

Alinta Energy considers that any changes to accommodate DC systems should aim to be consistent with the ESB's technology neutral two-sided market program, where obligations are attached to services, rather than facility types.

Clarifying ancillary services rules

Alinta Energy supports introducing an "ancillary services bidirectional unit" classification but recommends this be considered by the ESB as part of its two-sided market reforms.