

Ms Anna Collyer
Chair
Australian Energy Market Commission
PO BOX A2449
Sydney South NSW 1235

4 July 2024

Dear Ms Collyer

Re: Retailer Reliability Obligation exemption for Scheduled Bidirectional Units - Consultation

As the Australian Energy Market Commission (AEMC) is aware, earlier this year Tesla, Neoen and Iberdrola jointly submitted a Rule Change request to exempt scheduled bidirectional units from being considered as liable assets under the Retailer Reliability Obligation (RRO). The Rule Change request proposed a minor amendment to the definition of RRO liable entity.

We refer the AEMC and stakeholders to our joint proposal¹ that outlines our justifications. In particular, Tesla emphasises the need for a swift resolution to this issue – before December 2024 - in order to avoid unnecessary obligations being placed on battery storage operators in the upcoming RRO period.²

Given that our proposal intends to correct for an oversight in the original RRO scheme design, we continue to expect the proposal to be non-contentious, although note the AEMC is seeking feedback on whether to keep the exemption to scheduled bidirectional units (e.g. battery storage) or broaden it to cover all storage (e.g. include pumped hydro and other technologies). Whilst this is an important consideration, we recommend that if it can't be resolved in time, it does not hold up the exemption process for battery storage assets.

To re-iterate, this rule change is simple to implement and creates immediate market and system benefits, avoiding adding unnecessary costs and risks to owners and operators of battery storage assets. It would directly address the broader operational concerns (and unintended consequences) created by applying an RRO liability to scheduled bidirectional units – specifically that it also impacts on the ability of the asset to provide critical grid services on the load side of the scheduled bidirectional unit, therefore impacting on broader system security.

We consider that appropriately exempting scheduled bidirectional units will remove both investment and operational risk overhangs, increasing the efficiency of dispatch by removing artificial limitations imposed by the RRO on the tools available to AEMO, remove potential conflicts between RRO compliance and essential system service provision, and thereby ensure full value can be provided from bidirectional assets such as battery storage - supporting the National Energy Objective.

We look forward to working with the Commission to progress this rule change.

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Tesla Policy

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¹ <https://www.aemc.gov.au/sites/default/files/2024-04/New%20rule%20change%20proposal%20-%20Neoen%20Austral-%20reliability%20obligation%20exemptions%20for%20scheduled%20bidirectional%20units%20-%2020240408.pdf>

² We note the next potential RRO Regulatory Period is forecast to be in NSW from 1 Dec 2025 to 28 Feb 2026, 2-9pm. The 'Relevant Contract Position Day' is therefore currently Dec 2024.