

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

10 October 2024

Dear Ms Collyer,

Re: Retailer Reliability Obligation exemption for Scheduled Bidirectional Units – Draft Determination

Tesla welcomes the Draft Determination from the Australian Energy Market Commission (AEMC) to exempt scheduled bi-directional units from being liable entities under the Retailer Reliability Obligation (RRO). Earlier this year Tesla, Neoen and Iberdrola jointly submitted a Rule Change request for this exemption as a minor amendment to the definition of RRO liable entity.

We support the preferable draft rule shared by the Commission and are highly supportive of the timeline for the resolution to this issue – before December 2024 - in order to avoid unnecessary obligations being placed on battery storage operators in the upcoming RRO period.¹ Tesla does not foresee any concerns with broadening the exemption to cover all storage (to include pumped hydro or other technologies), as well as classifying assets as an 'exempt market connection point'.

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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¹ 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.