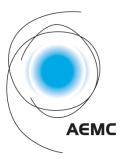


Public forum Integration of electricity storage technologies

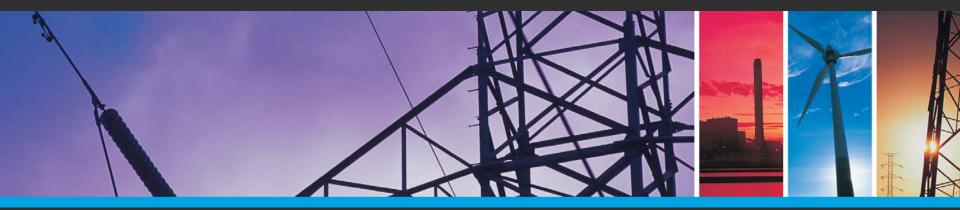
Agenda Thursday 18 June 2015 Sheraton on the Park, 161 Elizabeth Street, Sydney

Time	Item Speaker			
From 9:00am	Registration			
9:30am	Welcome and objectives of the AEMC's work	Brian Spalding, Commissioner, AEMC		
10:00am	The CSIRO's findings – Electricity storage technologies and their applications	 Mark Paterson, Domain Leader, Grids + Renewable Energy Integration, CSIRO Sam Behrens, Research Group Leader, Demand Side Energy Technologies, CSIRO 		
11:15am	Morning tea			
11:30am	Guest speaker 1 – Integrating a grid-scale storage device	Bill Jackson, Pricing Manager, ElectraNet		
12:00pm	Guest speaker 2 – International experiences of integrating storage behind the meter	f Phil Keogan, General Manager for Australia and New Zealand, Sunverge Energy		
12:30pm	Lunch			



Integration of storage in Australia's energy markets

Public Forum – 18 June 2015



BRIAN SPALDING

COMMISSIONER AUSTRALIAN ENERGY MARKET COMMISSION

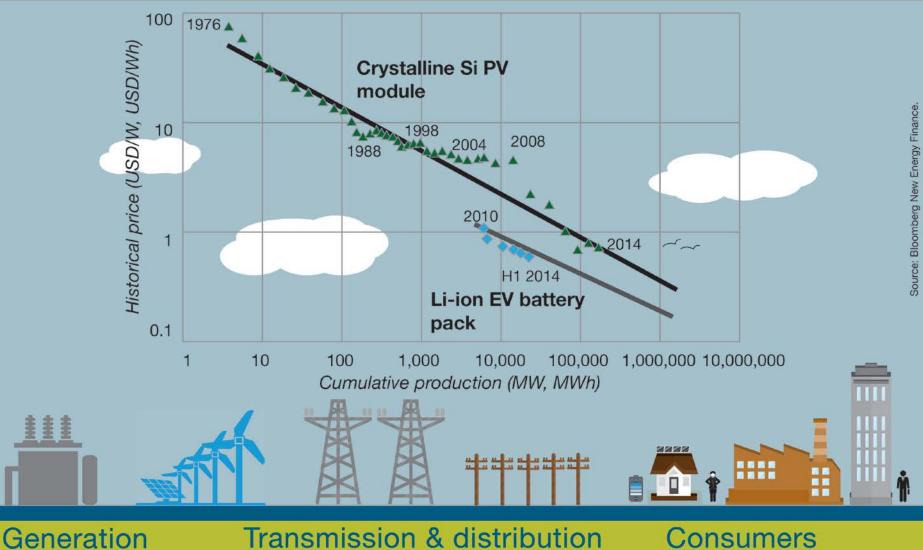
Australian Energy Markets Regulation and governance arrangements



PAGE 2

Increasing impact of technological change AEMC is undertaking a technology work program

- Changes in technology, as well as the pace of those changes, have the potential to fundamentally alter Australia's energy markets
- Energy policy and the associated regulatory framework must be able to **adapt** to these changes to allow a dynamic market response
 - The AEMC needs to have a strong understanding of this new market dynamic and its likely impacts on consumer costs and behaviours, as well as the incentives and business models of market participants
- The AEMC is undertaking a technology-focused work program to identify:
 - Possible barriers to the deployment of new technologies by new or existing market players
 - Whether the **consumer protection framework** remains fit for purpose
 - Incentives or disincentives for business model evolution



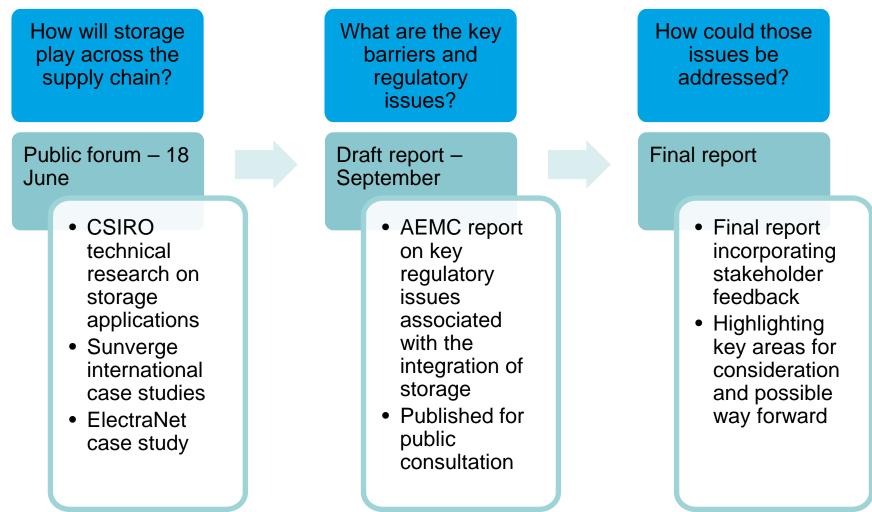
Ramping Spinning reserve Wind farm integration Frequency control Black start

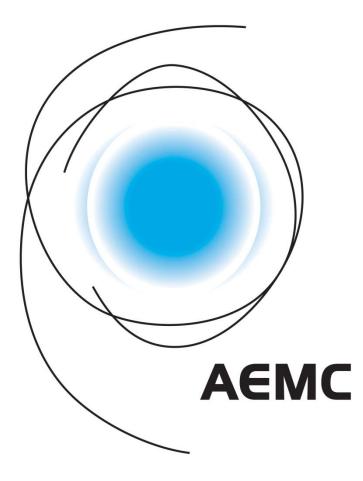
Transmission & distribution

Reduces T&D congestion Substation overloading Power quality and outages Reduces conductor upgrades Support distribution generation

Leverage TOU pricing Demand charge reduction **Demand response** Firms distributed solar Critical load support

AEMC Integration of Storage project Objectives and output







Electrical Energy Storage: Technology overview and applications

Mr Mark Paterson & Dr Sam Behrens 18th June 2015

ENERGY FLAGSHIP www.csiro.au



The most significant transformation since Edison...?

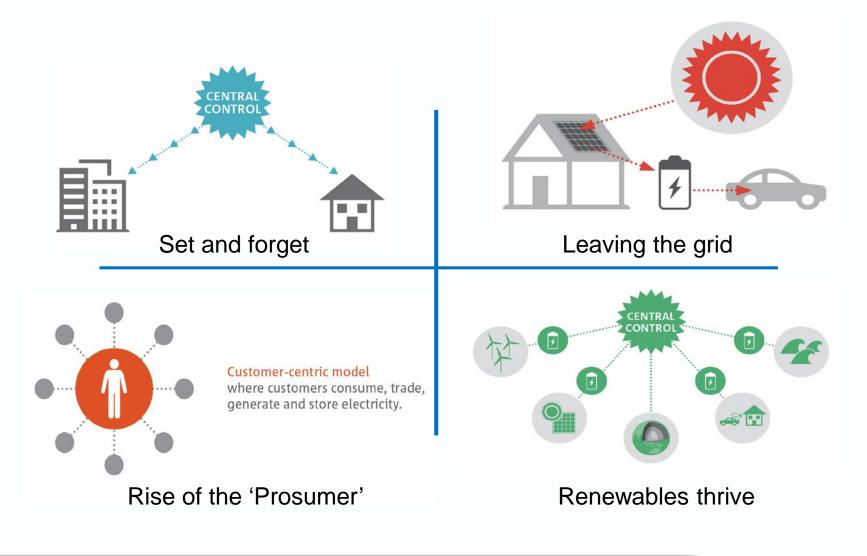
"The world's electricity network will change more in the next 20-years than it has in the last 100"

IBM Energy & Utilities, 'Smart Infrastructure – Building the Intelligent Grid of Tomorrow', Enercom Conference (March 2009).





Future Grid Forum 2050 scenarios





Seven universal observations...

- 1. Network-centric \rightarrow Customer-centric
- 2. Centralised \rightarrow Hybrid/Decentralised
- Fossil fuel generation → Continuous
 decarbonisation and greater intermittency



- Regulated natural monopoly → Increasing exposure to competition
- 5. 20 50% of electricity generated locally by 2050
- Grid continues to play a critical (but evolved) role in 2050
- 7. 2015-25 decade characterised by profound transition



Focus of CSIRO Study

Energy Storage Technical Review

Analytical review of the energy storage (ES) technologies relevant to Australian electricity systems with a focus on:

- The current status and applications of various ES technologies;
- The shortlist of ES technologies most likely to impact Australia's electricity systems over the next 15 – 20 years; and,
- A detailed examination of the current status of and future applications for the shortlisted technologies.



Context

Rapidly evolving space:

- New products being released
- National and international reports e.g. IEC, DoE, AEMO, etc.
- Online literature, media releases and magazines
- National and international standards/codes e.g. AS/NZ
- Australian trials e.g. King Island, Stored Energy Integration Facility, Li-ion installation, etc.



Taxonomy of Energy Storage

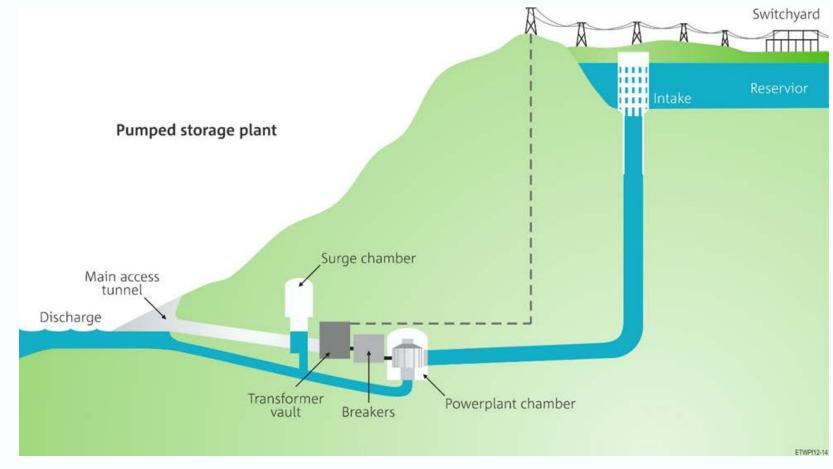
• Diverse range of storage are likely to be adopted 2015 – 2030

Mechanical Energy Storage	Thermal Energy Storage	Electrical / Electrochemical Energy Storage	Chemical Energy Storage	Load Coordination
Pumped hydroCompressed AirFlywheel	 Hot water Molten salt Phase change material 	 Supercapacitors Superconducting magnetic Batteries Fuel cells Molten ion (salt) 	 Hydrogen Synthetic natural gas Other chemical compounds e.g. ammonia, methanol, etc. 	 Load shaping / smart appliances (e.g. hot water, pool pumps, etc.)

• Each has their advantages and disadvantages subject to their application



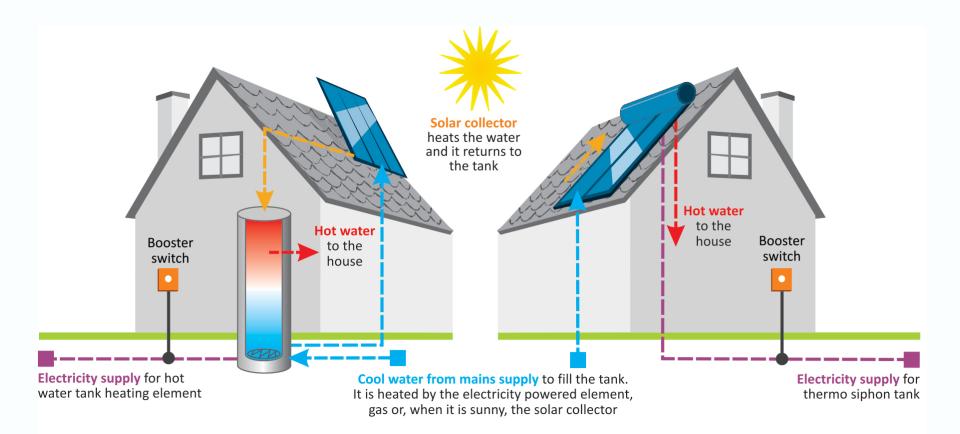
Mechanical Energy Storage



Pumped hydro



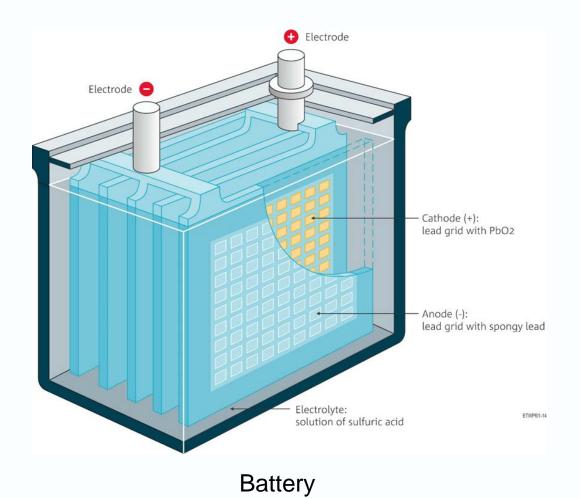
Thermal Energy Storage



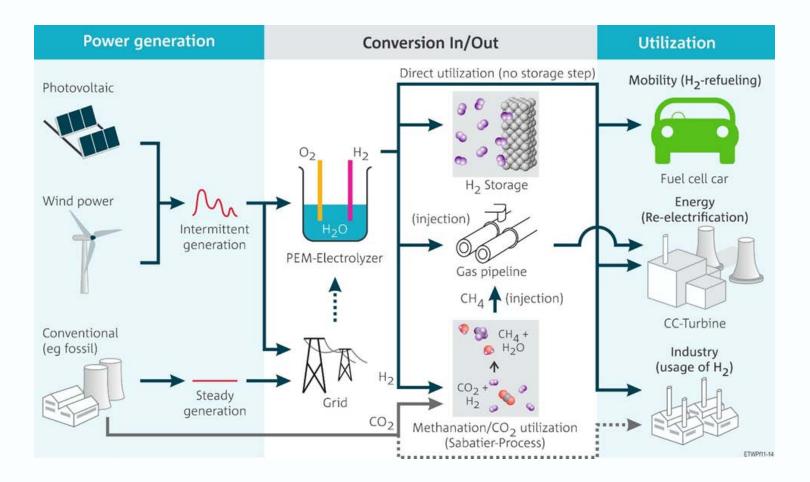
Thermal storage



Electrical/Electrochemical Energy Storage



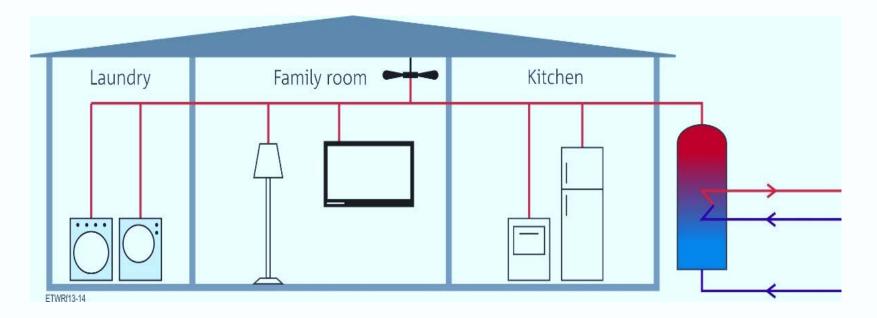
Chemical Energy Storage



Hydrogen



Load Coordination



Load shaping / Smart appliances



Different types of ES - examples

- Various ES technologies available
- Some are more technically feasible than others i.e. >TRL-8 and >MRL-8
- Others require further development

Example types	Power applications (rate of change)	Energy applications (duration)	Life (cycles)
Advanced lead- acid	✓	1	\checkmark
Lithium iron phosphate (LFP)	\checkmark	✓	\checkmark
Lithium Nickel Manganese Cobalt oxide (NMC)	<i>s s</i>	~	J J
Zinc bromide flow battery	1	\checkmark	\checkmark
Sodium nickel chloride (molten salt ion battery)	•	J J J	<i>√ √</i>

TRL = Technology Readiness Level MRL = Manufacture Readiness Level



Focus Applications Areas

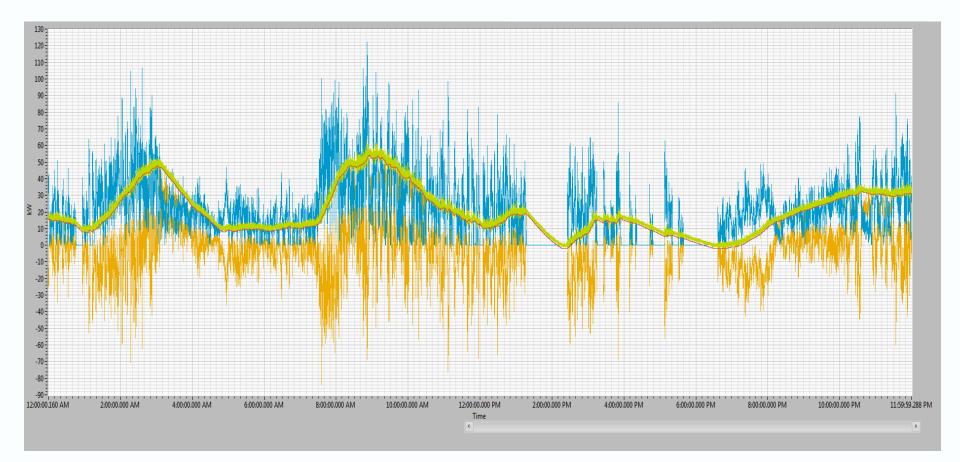
Diverse energy storage deployment applications to improve Australia's network

Large scale renewables integration	Transmission and distribution support	Commercial and industrial energy management	Residential energy management	Electric vehicles
 Regulation Peak demand 	 Upgrade deferral Congestion relief 	Peak shavingRegulation	 Power quality Power reliability 	 Grid to vehicle

Need for a range of different ES technologies, tailored to specific application needs



Large Scale Renewables Integration

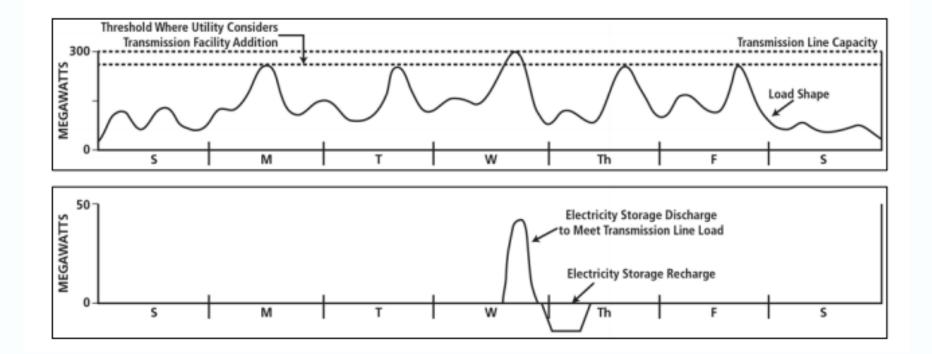


Regulation

Source: Ecoult/CSIRO Hampton Wind Farm



Transmission and Distribution Support

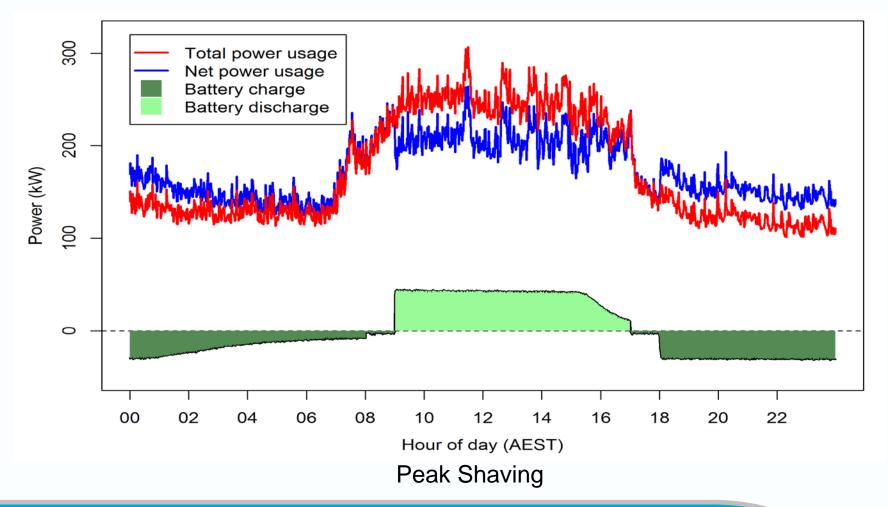


Deferral

Source: DOE/EPRI Electricity Storage Handbook in Collaboration with NRECA



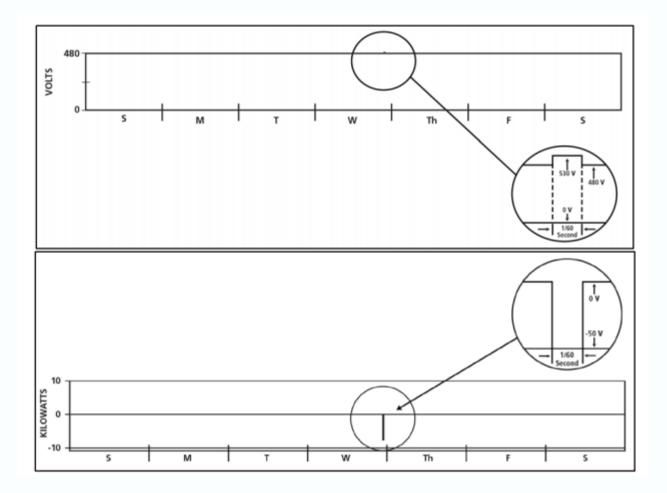
Commercial and Industrial Energy Management



Source: CSIRO Storage Energy Integrated Facility



Residential Energy Management



Power Quality

Source: DOE/EPRI Electricity Storage Handbook in Collaboration with NRECA



Electric Vehicles

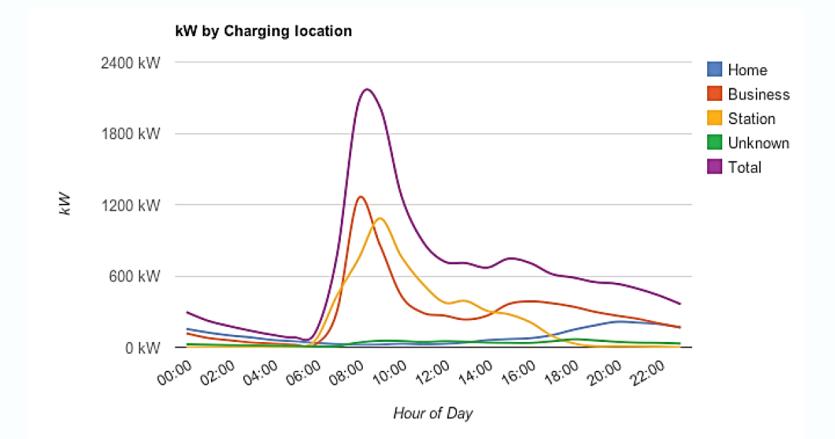


Figure 1: EV charging station usage over time of day for the WA EV Trial

Source: Western Australian Electric Vehicle Trial

Methodology – ES Shortlist

Various ES technologies (and applications) available. Some more technically feasible than others, others require further development. Hence, we shortlisted ES by:

- Considered technical characteristics of different ES technologies
- Compare them to the technical requirements of different supply chain applications
- Took into account technical (TRL) & manufacturing (MRL) readiness level. Excluded mature technologies e.g. pumped-hydro
- Demonstrated long-term field trials and cycle-life
- CSIRO's prior experience and know-how



Applications vs ES Technologies

Application → Technology↓	Large scale renewables integration	Transmission and distribution support	Commercial and industrial energy management	Residential energy management	Electric vehicles
Advanced lead- acid	J J	J J	$\int \int \int$	J J	J J
Lithium iron phosphate (LFP)	\checkmark \checkmark \checkmark	$\int \int \int$	\checkmark \checkmark \checkmark	\checkmark \checkmark \checkmark	J J
Lithium Nickel Manganese Cobalt oxide (NMC)	J J	✓ ✓	J J J	\checkmark \checkmark \checkmark	\checkmark \checkmark \checkmark
Zinc bromide flow battery	J J	J J	J J	\checkmark	
Sodium nickel chloride (molten salt ion battery)	\checkmark \checkmark \checkmark	J J J	11		



Shortlisted ES Technologies

Energy storage technologies most likely to impact Australia's electricity systems over the next 15 years, include:

- Advanced lead acid battery
- Lithium-ion battery (Lithium Iron Phosphate)
- Other Lithium-ion battery (e.g. Lithium Nickel Manganese Cobalt Oxide)
- Flow battery
- Molten salt battery (electro-chemical)



Concluding Observations

- Diverse range of storage types are likely to be adopted between 2015 – 2030
- Each has their advantages and disadvantages subject to their application
- Mainstreaming of residential energy storage is a recent development. There is limited experience with benefits, coordination, longevity and operational performance; installation and energy management standards are still being developed.



Concluding Observations

- Consumers aspiring to entirely disconnect from the grid in the medium term will likely have to:
 - Significantly modify energy use behaviours; and/or,
 - Accept substantial over-investment to cover both peak demand and reliability expectations for their site.
- Grid-connected Solar PV + Storage bundles adoption motivated by exploiting TOU arbitrage could lead to:
 - Reduced energy storage operational lifespan;
 - Mismatched to actual technical needs; and
 - Increased national greenhouse gas emissions (due to round trip efficiencies).



Thank you

Mr Mark Paterson

Domain Leader – Grids + Renewable Energy Integration

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 w www.csiro.au/energy

ENERGY FLAGSHIP www.csiro.au Acknowledgments Dr John Ward



18 June 2015



Integrating a grid-scale storage device

The regulatory framework

Name: Bill Jackson Position: Pricing Manager

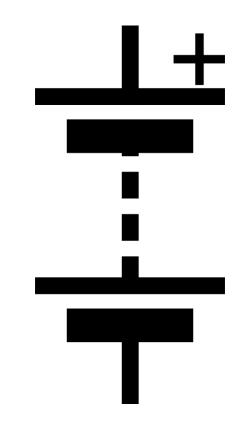
PUBLIC Distribution: Public

electranet.com.au



Presentation Outline

- > Context
- > ESCRI-SA Project
- > Regulatory framework
- > Commercial framework





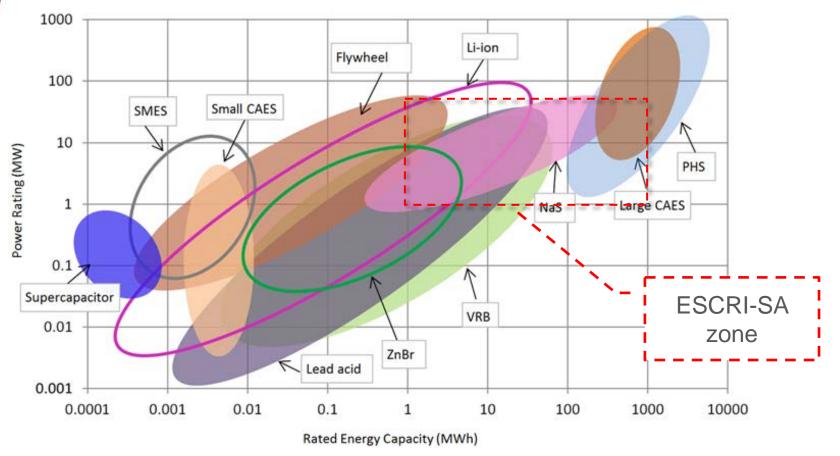
Context

- > High level of Wind Energy in SA
 - South Australian wind farms generated a new record amount of power yesterday (4/6/15), when the previous record of 1,274.3 MW was exceeded at 16:30 (4.00 pm) with 1,286.4 MW
- > Renewable Energy Integration in SA AEMO & ElectraNet Report Oct 2014
 - Total installed wind capacity in SA of 1,475 MW.
 - In July 2014, 43% of SA's total energy was supplied by wind generation.
 - On single days during September 2014, 75% of SA's energy was supplied by wind generation.
 - At 4.15 am on 28 September 2014, 109% of SA demand was instantaneously supplied by wind.
 - Maximum instantaneous SA wind generation on 3 July 2014 was 1,348 MW.



Energy Storage for Commercial Renewable Integration – South Australia (ESCRI-SA)





Competing technologies

- Prices and rate of change uncertain at this stage
- Focused on how it will fit in when (not if) it's economic



Background

- > The partners ElectraNet, AGL and Worley Parsons
- > Funding from the Australian Renewable Energy Agency (ARENA)
- > Examine the role of medium to large scale (5-30 MW for 5-10 hours) nonhydro energy storage in the integration of intermittent renewable energy into South Australia.
- > Key objective is the development of a business case for the trial of a full scale grid-connected energy storage system (comprising Energy Storage Devices, ESDs).
- > ESD may potentially act as a consumer of electricity, a producer of electricity, a provider of system ancillary services, and/or a provider of network support services.
 - This is the first time in Australia that the commercial viability of an energy storage device that combines all of these potential roles is being evaluated.



Objectives

- > Investigation and feasibility work associated with the development of a utility scale non-hydro battery system specifically designed to facilitate the integration of intermittent renewable energy into the National Electricity Market (NEM).
- > The novelty of the work hinges on the ability of the resulting asset to combine a number of values, including;
 - The <u>time-shifting of large amounts of renewable energy</u> so as to increase its value within the NEM wholesale energy market;
 - The ability to better <u>optimise the trading and operations value</u> of both a renewable energy and fossil fuel fleet, and the operations and/or future capital expenditure around utility networks; and
 - The provision of <u>ancillary services</u> to the NEM.



ESCRI-SA business case key tasks

- A review of the regulatory environment as it applies, or could apply, to energy storage devices;
- Identification of a potential site or sites in South Australia where an ESD would be able to access multiple value streams;
- > A state-of-the-art technology review of ESDs, leading to storage technology selection; and
- > Development of a potential commercial framework.
- > Knowledge sharing, which is a key part of this study will occur later in 2015.



Regulatory framework



Regulatory framework

- > Energy storage within the Rules
 - Not explicitly contemplated but pumped hydro clearly exists
 - Rules and associated technical standards are technology agnostic
 - What technical standards should apply to ESD's?
 - Registration and Market participation options impact the benefits that can be realised.

Registration/classification "at a glance"

		Implications from market classification		Implications from scheduling classification			
	Registered .	Market generator	Can access spot prices for purchase I sale of electricity. Not liable for TUOS charges. Slightly higher participant charges.	Scheduled (generally >30M\)	Must participate in central dispatch. Market price setter. Can offer both market ancillary services (subject to satisfying Market Ancillary Servi Specification) and non-market ancillary services.	ary Service	
				Semi-scheduled (generally >30M₩ and intermittant)	Must participate in central dispatch but only required to observe dispatch level during system contraints. Market price taker when system unconstrained, price setter during constraints.	Can only offer non- market ancillary services.	
				Non-scheduled (generally <5MW or <30MW and primarily local use)	Relief from participation in central dispatch, incl. less susceptible to being constrained off. Market price taker.		
		Non-market generator (and retail / market customer)	Must sell output off-market to Local Retailer or customer at the connection point. Must make separate arrangements for electricity consumed from the grid, which may attract TUDS charges.	Scheduled (generally >30M\)	Must participate in central dispatch, despite not being settled on-market.		
				Semi-scheduled (generally >30M¥ and intermittant)	Must participate in central despatch despite not being settled on-market, but only required to observe dispatch level during system contraints.		
				Non-scheduled (generally <5M¥ or <30M¥ and primarily local use)	Relief from participation in central dispatch, incl. less susceptible to being constrained off.		
	Exempt	Standing or individual exemption (<5MW or <30MW and export <20kWh)	Must sell output off-market to Local Retailer or customer at the connection point. Must make separate arrangements for electricity consumed from the grid, which may attract TUDS charges. Relief from participation in central dispatch and particant fees.			Can only offer non- market ancillary services.	
		Small generating unit of a small market aggregator	Dutput sold through the spot market by Small Market Aggregator, who also purchases through the spot market all electricity consumed at the connection of point.				
		Intermediary arrangement No direct	An intermediary (e.g. an existing market participant) registers in place of the ESD.				
		no airect connection to the net v ork	Output sold off market at large cu	istomer site. May reduce customer's 1	IUOS. NSCAS potentially provided via agreement with network service provider.		



Regulatory framework - connection

- > The connection application process will be influenced by whether the connection of the ESD constitutes:
 - a connection of new generating plant (and/or new customer load);
 - the connection of an embedded generating unit under rule 5.3A (i.e. where the generating unit is connected directly to a distribution network);
 - an alteration to an existing connected generating system connected to the transmission network under rule 5.3.9 (e.g. if battery sited behind the meter at an existing wind farm site); or
 - an alteration to an existing connected load (e.g. if sited within an existing customer site)
- > There may be some interesting challenges for ESDs versus the technical standards



Regulatory framework – network charges

- > A storage device is a net consumer of energy (~70-80% efficiency)
- > If connected to transmission
 - As a generator (either behind generator meter or direct) no TUOS
 - As a load (behind customer meter) TUOS
 - In order to avoid paying TUOS the ESD <u>must not be registered or eligible</u> for registration as a Customer under Chapter 2 of the Rules
 - Can achieve this by registering as a market generator
 - Where the ESD is registered off-market or exempt then it would attract these TUOS
 - Rule change to always treat a generator or direct ESD as exempt from TUOS, or seek clarification of their treatment under the Rules and AEMO registration procedures
 - MLF treatment is unclear (pumped storage can have two)



Regulatory framework – network charges

- > If connected to distribution
 - As a generator (either behind embedded gen meter or direct) DUOS
 - As a load (behind customer meter) DUOS
 - Is the LRMC for generator case zero or negative?



Regulatory framework - Asset ownership

- > There are generally no ownership restrictions provided the owner can satisfy the relevant registration criteria – unless you are a TNSP
- > There are no restrictions on a network service provider owning an ESD to fulfil network support functions or defer network spend and, subject to the RIT-T, including this in its regulated asset base
- > The treatment of any revenue earned by a TNSP from energy sales (on- or offmarket) or the offer of ancillary services (other than NSCAS) is less clear
- > ACCC, Statement of Principles for the Regulation of Transmission Revenues: Transmission Ring-Fencing Guidelines, 15 August 2002 still apply...
 - a TNSP that supplies 'ring-fenced services' (that is, prescribed services) must not carry on a 'related business' (defined as generation, distribution and electricity retail activities) [extends to JV's, partnerships etc]
 - exception where it carries on a related business that attracts a total revenue of less than or equal to 5% of the TNSP's total annual revenue



Regulatory framework – TNSP ownership

- TNSP ownership (subject to the ring fencing guideline)
 - Cost Allocation Methodology would allow an asset to provide both prescribed and other service and be partially recognised in the RAB
 - The shared asset guideline presents another option where the asset is in the RAB but a share of the unregulated revenue goes to customers
- The issue of the charging and discharging remain unresolved:
 - If a pure network alternative then could be treated as loses and not appear in the market.
 - Could contract with the local retailer (but what to do with the surplus/losses?)
 - Auction out the market component and abstract the TNSP from the market.
 - Auction fees to customers and used to support RIT-T?
 - Auction fees to TNSP and CAM or Shared Asset treatment?
- What are the objectives of the ring fencing guideline?
- Should the ring fencing guideline apply if the TNSP is not able to distort market outcomes?
- Utility scale ESDs may look very "network" in the future



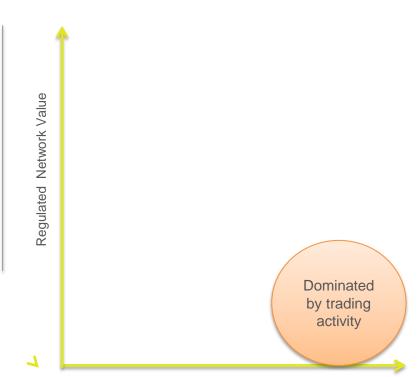


- > Review of options for commercial frameworks
 - Facilitated by Greg Thorpe Oakley Greenwood
 - Lead to a number of options which are to be further progressed
 - Considered a wide range of benefits/services including:
 - Capex deferral (Generation, Transmission, Distribution)
 - Reduced losses (Transmission, Distribution)
 - Reduced generation opex (fuel etc) costs
 - Wholesale market FCAS
 - Voltage control (Distribution, Transmission)
 - Trading benefits (arbitrage is a contemporaneous trade)

It may allow planning assumptions to be less conservative wrt wind farms



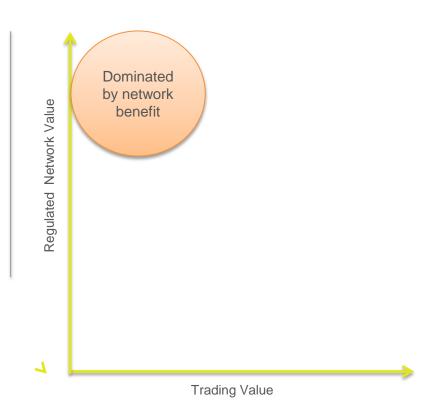
- > Location to suit market outcomes
- > Size optimised to market outcome
- Owned by generator, gentailer, specialist 3rd party
- > Dispatch rights focused on trading
- > Limited economic benefit at this stage



Trading Value

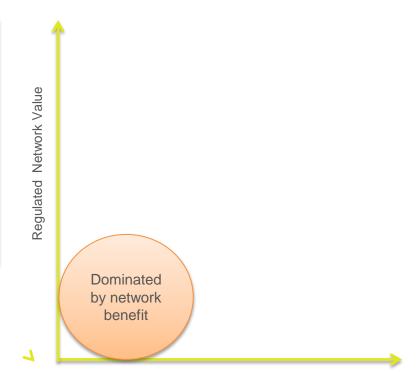


- > Location optimised to network limitation
- > Size optimised to network limitation
- > Owned by TNSP
- > Subject to RIT-T in RAB
- > Dispatch rights focused on network
- Limited economic benefit at this stage
 Trading component TBA





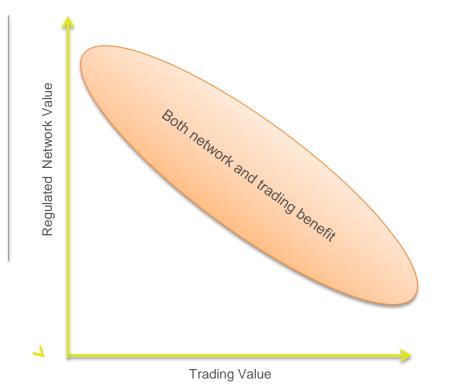
- > Location optimised to network limitation
- > Size optimised to network limitation
- Owned by generator, gentailer or 3rd party
- > Dispatch rights focused on network
- > Network support passthrough for TNSP
- > Would result from RIT-T outcome



Trading Value



- Location optimised to network limitation or co-optimised to network and provider
- Ownership by Generator, Gentailer, 3rd party or TNSP
- Dispatch rights: complex combination of TNSP and energy trader. (Ownership may dictate the relative priority)
 - A number of ways to abstract the TNSP from the market





Close

- > Utility scale ESD <u>will be</u> economic (just not yet)
- > It may look a lot like network
 - A slow version of an SVC, Capacitor, Reactor, FACT etc.
 - A long term alternative to duplicated network elements
 - It may allow planning assumptions to be less conservative wrt wind farms
- > The ring fencing guidelines are a potential impediment
- > There are mechanisms that can abstract a TNSP owner from the market



Questions?

ElectraNet



Thank you

Name: Bill Jackson Phone: (08) 8404 7969 Mobile: 0417 873906 Email: jackson.bill@electranet.com.au



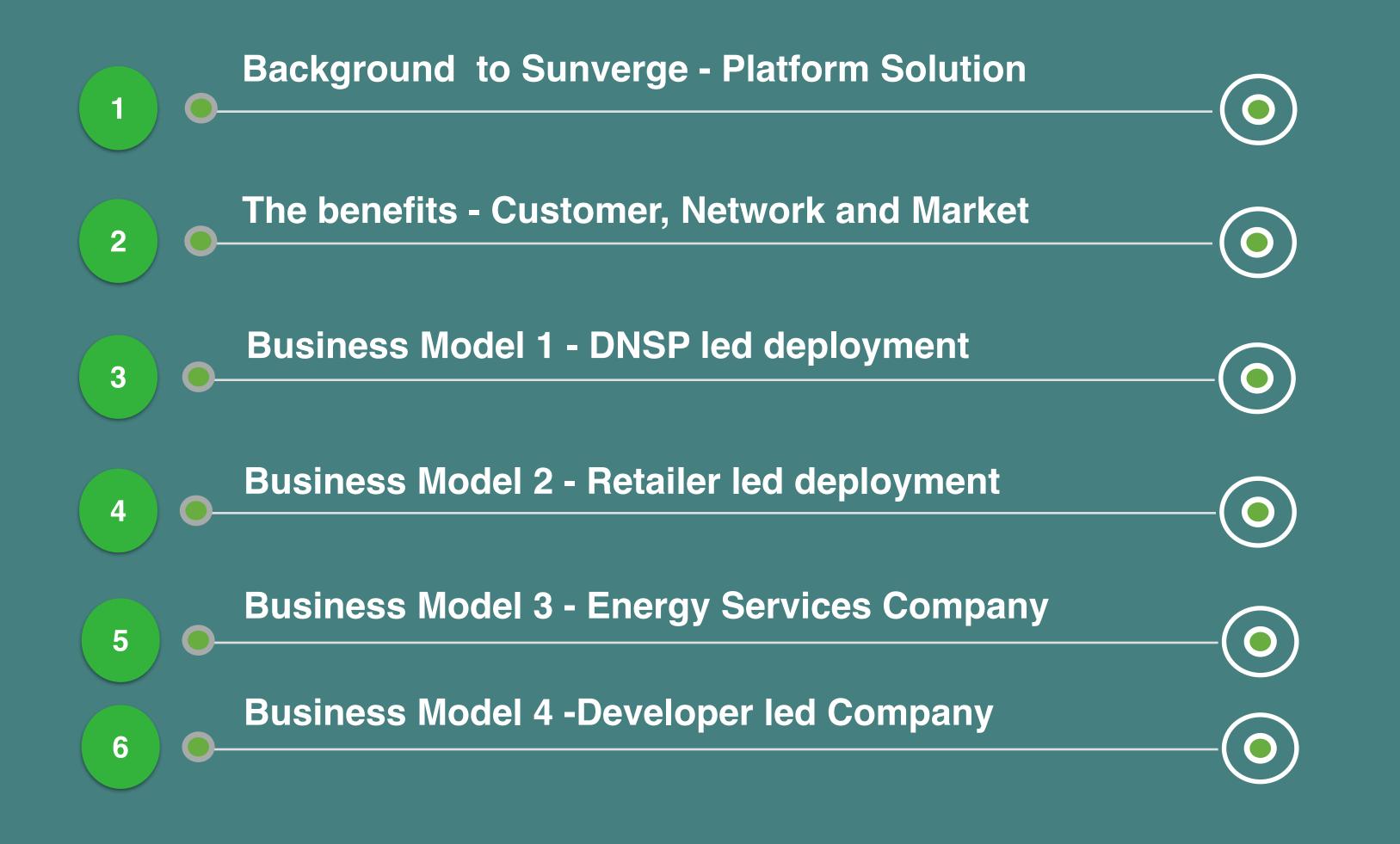
Australian Energy Markets Commission Public Forum on Integration of Storage Sydney, 18 June 2015

Customers, Networks and Markets: Integrating the benefits of Customer Sited Energy Storage





Customers, Networks and Markets: Integrating the benefits of Customer Sited Energy Storage

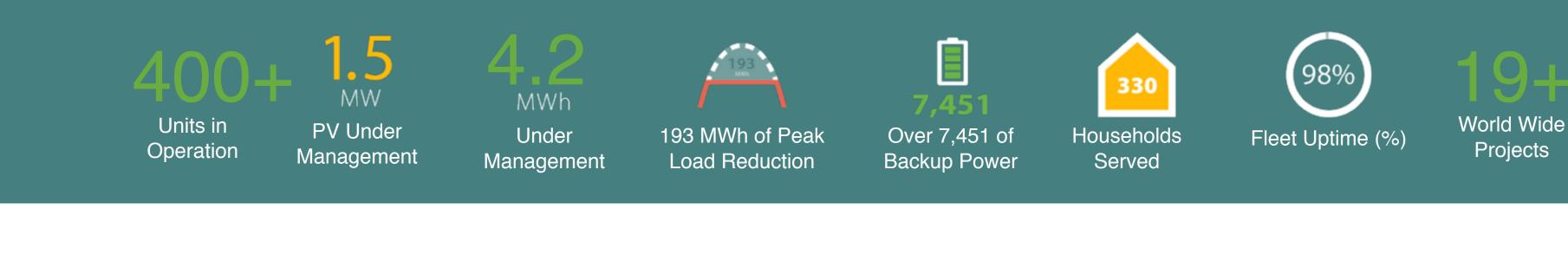


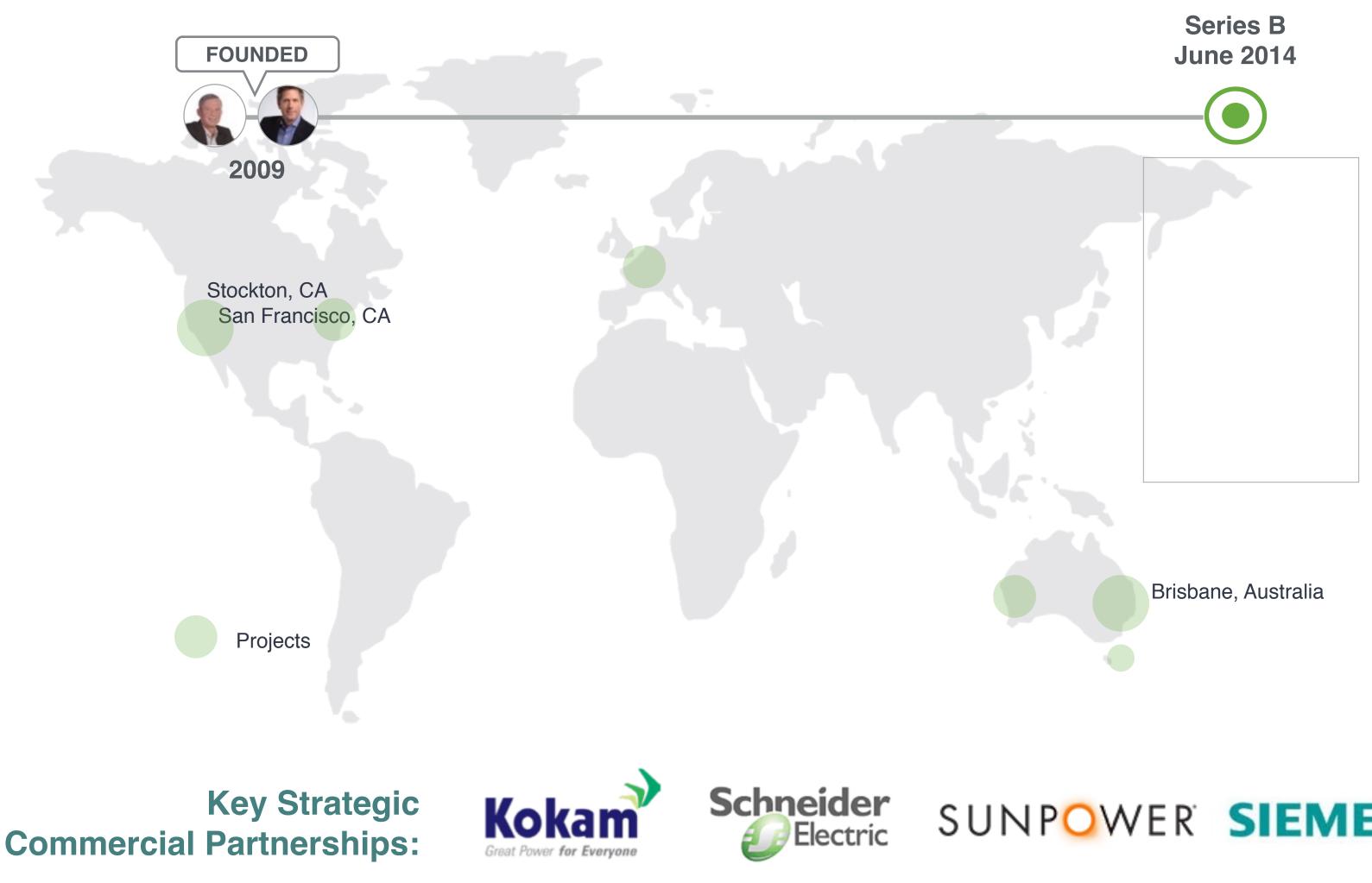
Our Differentiation

- Access to integrated value streams
- Performance, reliability, safety
- Compliance with the highest utility and consumer standards and certifications
- Applications for consumers, grid operators, and market traders
- Integration points to consumer, utility, and retailer applications and systems
- Operational experience and empirical proof points









Company Mission

Enabling the transition to a zero-emission grid by:

- Deploying storage and controls required to integrate renewables into the grid
- Maximizing the value of distributed energy resources with customer-sited solutions
- Sharing, and harmonizing, this value between energy consumers, providers, utilities, and society as a whole

SUNPOWER SIEMENS







Our Solution: Distributed Energy Storage System

The Sunverge Solar Integration System (SIS) is an intelligent distributed energy storage system that:

- captures solar power and delivers it when needed most
- combines batteries, power electronics, and multiple energy inputs in a UL-certified appliance controlled by software running locally and in the cloud
- is a utility-grade product designed for the residential and commercial markets.





Software as a Service





The benefits

An intelligent integrated platform uses on-board computing, power electronics and a powerful software platform to aggregate multiple storage units into a Virtual Power Plant and provide benefits to customers, networks and the wholesale energy market.



Customer benefits

- Bill reduction
- Bill certainty
- Reliability and islanding
- Added control

Network benefits

-

- Avoided network augmentation
- Avoided voltage correction
- Reduced opex power quality investigations
- Remote trouble-shooting for local network issues
- Demand management
- Access to data

Wholesale and Market benefits

- Avoided energy losses
- Avoided wholesale caps
- Efficient market operation
- (peak-shifting)
- Ancillary services
 - power factor correction - frequency keeping
 - voltage support



- Avoided generation costs
- Demand response

over-frequency reserve







Durable Utility Grade Grid Asset for Designed for Safety and Performance



Fleet-wide capacity forecast, reservation, scheduling, and dispatch for local grid stability



Simplifies grid operation and provides operation and maintenance benefits



Covered by long-life product and Installation warranty



Case Study: Distribution Network Service Provider



Key features

Customers pay an upfront and monthly lease payments to the utility network provider

Customer installs the solar and network invests in storage on the customer premises, behind the meter, but as a network asset. Opportunities for regulated and non-regulated revenues



Through communications and software rules, units are aggregated across the network to provide optimised benefits across all value streams



Fleet based SIS units operate in an orchestrated fashion to provide the benefits of a virtual power plant as well as localised network solutions



Value is shared between customer (through bill savings) and utility (through efficiencies, utilisation, avoided augmentations and corrections and wholesale market improvements)

Hardware and software provide a localised solution to network problems where the costs and benefits are shared by customers who would otherwise act in their own interest alone

Summary of typical value stack (low scenario)

Benefits (PV terms)

Avoided losses T&D

- Avoided GSL payments/ PQ callouts
- Wholesale market benefits
- Avoided Distribution augmentation
- Avoided transmission charges
- Avoided voltage correction
- Customer payments



Reference Customer: Single Family High Density Housing

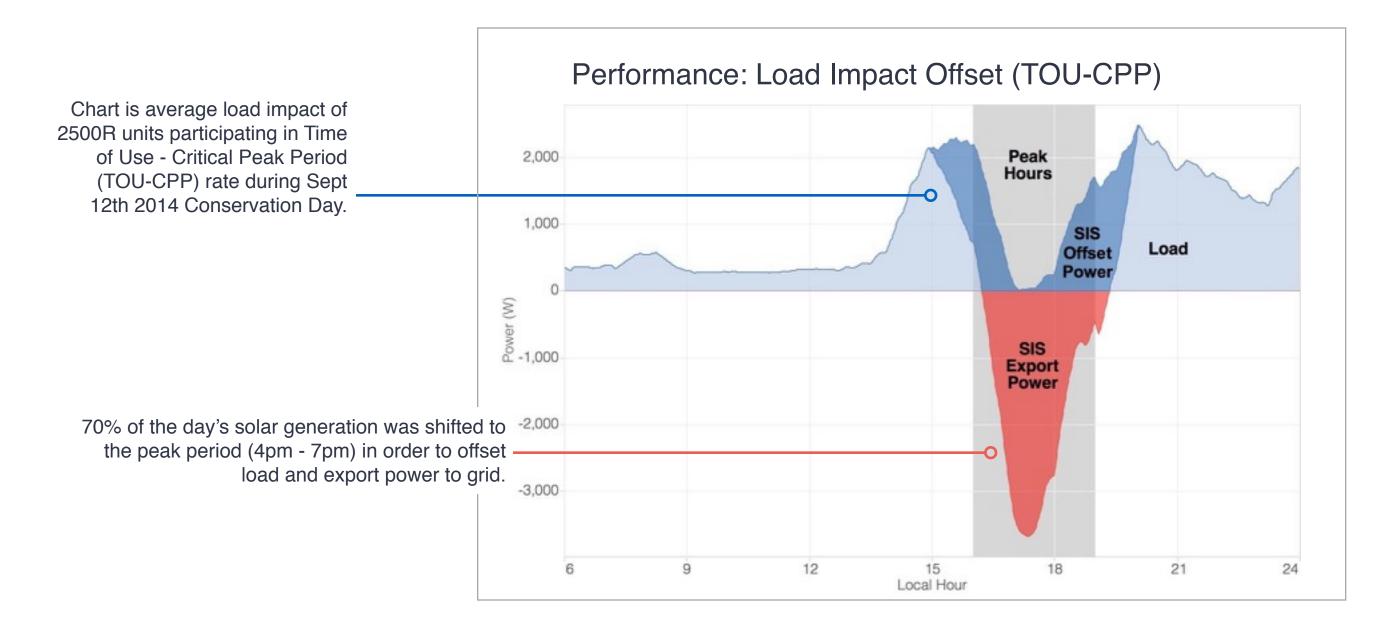


34 Single-family homes. Micro grid. Net zero homes.



2500 R is the first Net Zero Energy community in Sacramento's midtown district. Net Zero Energy means that over the course of a year, each unit generates all the electricity you'll need and emit net zero carbon emissions. How is that even possible? 2500 R homes combine certified energy efficiency measures with a revolutionary built-in solar energy system.

Project name	: Microgrid, high density housing		
Client	: Pacific Housing, Inc., SMUD		
Project tags	: PV + Storage, Residential, Behind-the-Meter		
Location	: Sacramento, CA		
System	: 11.65kWh, 4.5kW, + 3Kw PV, Automated PCT		









new home construction couple with whole home automation

Double ZeroHouse 3.0 is designed to achieve net zero energy usage with a SunPower solar system and Sunverge energy storage, an advanced grey-water recycling system, and energy efficient appliances. Combined with a Ford C-MAX Energi plug-in hybrid, this home demonstrates the leading edge of smart, sustainable living.

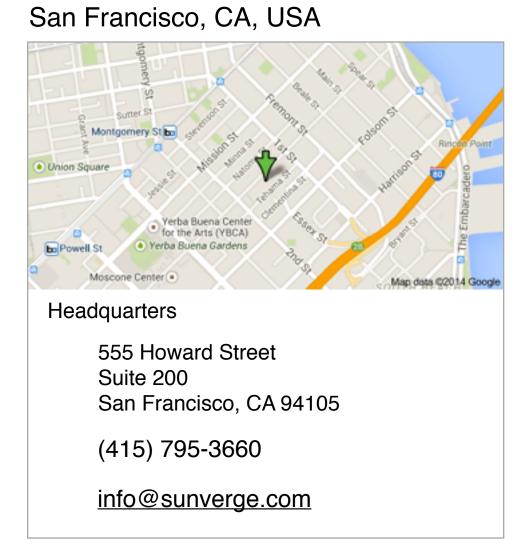
SUNPOWER

Project name	: Double ZeroHouse 3.0
Client	: SunPower and KB Homes
Project tags	: PV + Storage, Residential, Behind-the-Meter
Location	: El Dorado Hills, CA
System	: 11.65kWh, 6kW, + 5Kw PV, Automated PCT



Contact us.

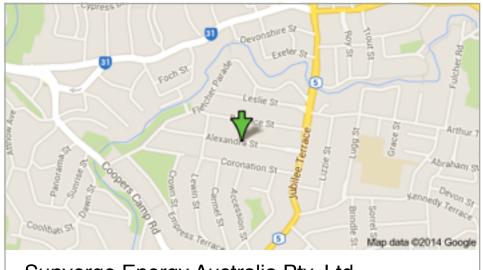
We look forward to hearing from you.



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