



GRIFFIN ENERGY

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13 June 2009

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The Secretary
Senate Economics Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretary,

RE: Submission on the Renewable Energy (Electricity) Amendment Bill 2009

Griffin Energy welcomes the opportunity to make a submission to the Senate Economics Legislation Committee in their review of the Renewable Energy (Electricity) Amendment Bill 2009. We have previously made submissions to the Department on Climate Change on the RET draft legislation.

Griffin would like to bring to the Committee's attention an issue which we believe will obstruct the achievement of the desired policy outcomes of the RET. Much of the new renewable generation brought about by the RET will inevitably come from intermittent sources. Energy storage will play an increasingly large role in enabling intermittent facilities onto grids – especially in the SWIS in WA, where low overnight demand creates problems for overnight intermittent generation.

Energy storage systems may be delivered to market as new technological innovation (e.g. electrical energy to thermal storage systems and back to electrical energy), or via existing technology (e.g. pumped hydro systems). In many of these applications, the electrical energy is effectively 'consumed' twice. In the first instance, at times of low demand, it is converted into whatever stored medium is being used (water pumped into a higher reservoir or, say, heating molten salts). The potential energy in these mediums can then be converted back to electrical energy, often with an efficiency loss in the process. This time-shifted electrical energy is again consumed by a load – but now during a time of excess demand. The current RET legislation does not account for the actuality that the *stored* electrical energy is not being 'used', in the common sense of the term. For example, under the current legislation, a storage device being 'charged' using overnight wind energy will be considered a load and the sale of electricity to that storage device, where the device is not behind the fence of the generation system, will attract a REC liability. When the reconstituted electrical energy is then sold to a load – or 'used' in the proper sense of the term, it again attracts a REC liability. In other words, the sale of electrical energy attracts two sets of REC costs, once at the point

of original generation, and again at the point of re-generation from its stored medium. Griffin believes that this will provide a disincentive for investment in energy storage facilities.

The solution to this problem is to not treat energy storage facilities as a load, rather only to treat the electrical losses incurred in the process as a load – or to consider the full lifecycle of the underlying MWh from original generation to final consumption. This will better reflect the true cost of electricity time-shifted by energy storage systems and will allow a greater penetration of intermittent generation onto a grid. Energy storage should also encourage better utilisation of back-up and ancillary generation, which again leads to a more efficient generation system.

Griffin hopes the Committee gives consideration to the deficiency in the current legislation raised in this submission. Griffin has consistently supported the introduction of an expanded national RET and has been an active participant in the robust consultation process that has been undertaken to date in this area. We will be happy to further discuss any of the issues raised in this (or previous) submissions.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Cremin', with a long horizontal flourish extending to the right.

Shane Cremin
GM – Policy & Strategy