

Rural

## Battery storage proponents despondent about future under National Energy Guarantee



ABC Rural By Babs McHugh

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The flow battery, also known as a redox battery, is made with vanadium, another tech-metal found in Australia (Supplied: VanadiumAustralia)

**Some in the fledgling tech-metals mining and processing industry are dismayed that the Federal Government's new energy policy does not appear to support renewable energy storage such as batteries.**

Australian Vanadium chief executive Vincent Algar said the National Energy Guarantee (NEG) unfairly pitted the batteries and renewable energy storage sector against fossil fuel electricity producers such as oil and gas.

"With coal and gas considered a dispatchable energy source under the NEG, what incentive will there be to source dispatchable energy from a battery?" he said.

Dispatchable power can be turned on and off and used immediately as needed.

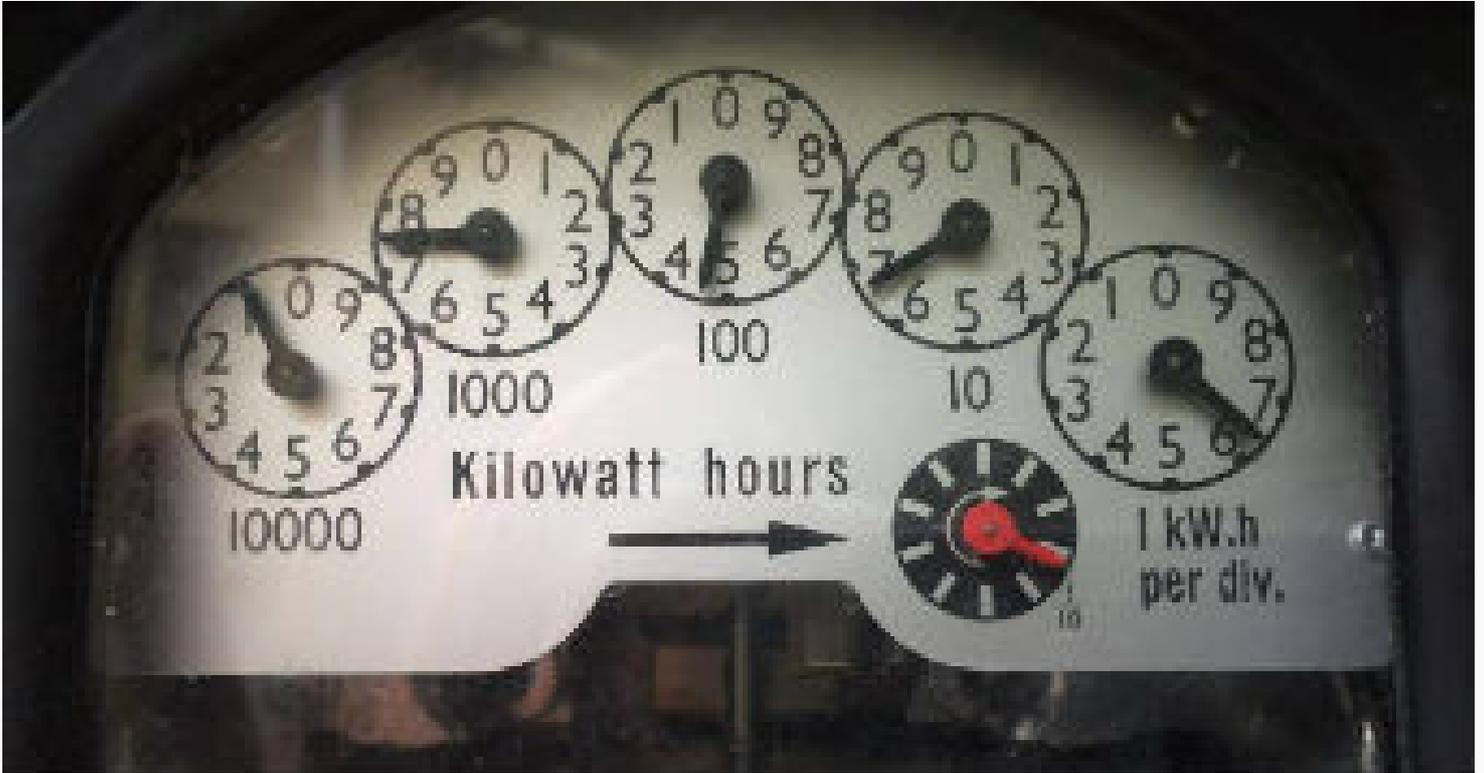
The NEG will mandate that energy retailers need to buy a certain amount of energy from dispatchable sources, which include coal, gas, and pumped hydroelectricity storage.

## Lower cost makes coal and gas more attractive

Mr Algar, whose company will mine and process vanadium, as well as promote vanadium battery technology, believes pure economics dictates that energy retailers will go to the much cheaper coal and gas producers.

"If a company is building a renewable energy project, what incentive will there be for them to put that dispatchable energy in the form of a battery?" he said.

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"On top of that is the removal of subsidies for renewable energy, and no clean energy target, so it further reduces any incentives.

“Battery storage, which is in the early stages in Australia, is expensive, especially from an energy point of view. So it's just too easy to go back to diesel, coal and gas.”

Mr Algar is also concerned the NEG will bring to a halt the research and development of advanced renewable energy and **battery technologies**.

**"Australia has the runs on the board.** It has invented things like the flow battery [which uses vanadium], and they're doing brilliant work in eastern states that will improve the efficiency of solar panels, for example," he said.

"These are developments that will generate jobs and make us a net exporter of renewable technology, but this policy could really put a dampener on that."

**We asked if you thought the NEG should support battery storage as well as dispatchable energy sources.**

## Lack of specifics difficult for renewables industry

The release of the NEG also **lacks clarity, according to some**.

University of Queensland economics professor John Quiggin said the lack of policy specifics so far had left the renewable energy and **storage sector** up in the air.

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"We have very little detail, and the short document put out by the Federal Government is very unclear," he said.

"And there has been little further information from the Australian Energy Market Operator [AEMO].

"So far it appears to suggest the policy is about rescuing coal, which has now been classed dispatchable, and protecting it against genuinely dispatchable energy **technologies such as batteries**.

"The AEMO note suggests that the different types of power under this scheme may be treated differently, which would be fairer for batteries.

"But it remains to be seen what, if anything, is going to come out of the very vague descriptions we have at the moment."

### Possible silver lining for battery storage

While he confesses he is not very optimistic about the likelihood of a battery-friendly policy, professor Tony Vassallo said it was possible.

The Delta Electricity Chair of sustainable development at the University of Sydney backed up concerns that the NEG was currently too opaque to know what the full impact could be on batteries.

"There is an opportunity for [battery] storage if the policy settings are crafted in a certain way," he said.

"If it's crafted properly, if it's a well thought out policy, it will grab the benefits that storage can provide, and use them in a way that's going to make the electricity system more stable and more economic.

"But if the rules are going to be a continuation of what has been the case up to now, it will favour the incumbent [fossil fuel] generators."

Professor Vassallo said the existing rules and policy settings were developed in the 1980s and were applicable to coal and gas-fired power plants.

"They enforced the ability of coal and gas-fired power plants to meet market requirements by changing their energy output with an hour, within minutes, even within seconds," he said.

"But the opportunity is there for those rules to be updated and take advantage of the newer technologies that come with renewables and energy storage."

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