

Australian Energy Market Operator
530 Collins Street
Melbourne VIC 3000

via email: NEMReform@aemo.com.au

26 August 2024

RE: Transitional Services Guideline Consultation Paper

Dear Ms. Ulrika Lindholm,

Tesla Motors Australia, Pty Ltd (Tesla) welcomes the opportunity to provide a response to the Amendments to the Transitional Services Guideline Consultation Paper.

Tesla's mission is to accelerate the transition to sustainable energy. A key aspect of this will be using smart, grid-forming inverters to support increased penetration of variable renewable energy (VRE) in the grid. We believe that battery energy storage system (BESS) assets, particularly Tesla Megapacks operating with our virtual machine mode (VMM) technology, will be integral to providing a scaled, cost-effective system strength solution in all Australian jurisdictions.

Tesla is actively engaged in the Engineering Roadmap and Transition Plan for System Security, and the associated AEMC led work on Improving Security Frameworks (ISF) and Essential System Services reforms noting their criticality to connecting and operating GFM BESS.

Generally, Tesla is aligned with AEMO's proposals for type 1 and type 2 contracts and the contribution to achieving emissions reductions. We support the ability for AEMO to procure for unknown power systems needs in type 1 contracts, as well as trailing new technology applications with type 2 contracts. However, Tesla challenges the technical capability of type 1 contracts in requiring tests to be conducted no less than every twelve months, as we believe this frequency to be overly onerous to the service provider. Tesla believes this should be updated to twenty-four months, with testing requirements for (b) and (c) acceptable as is.

Additionally, in response to AEMO's consideration for determining its procurement process, Tesla encourages AEMO to procure services through a competitive tender process instead of directly requesting from Transitional Service Providers. Tesla believes that an open and transparent process for type 1 and type 2 contracts to achieve the best outcomes for the grid, as the visibility of AEMO's requirements will encourage the growth of emerging technologies, even if they are unable to meet the needs immediately. Whilst Tesla acknowledges that many of the type 1 contracts will be highly locational dependent, we still support an open and competitive tender process to cater for future scenarios. For example, Tesla is converting existing grid-following BESS to grid-forming through the 5.3.9. process, meaning that there is a greater and more diverse spread of assets that will be able to participate in these tenders going forward.

Finally, for type 2 contracts, Tesla welcomes AEMO's encouragement for exploring the role of inverter-based resources in providing a variety of system security services. Given the relative infancy and low proliferation of grid-forming BESS, Tesla supports more detail around the eligibility of assets for the contracts with the 28 March 2024 cutoff and defining what would count as a new application of the technology within an existing grid-forming asset.

Tesla looks forward to continued engagement with AEMO on its Transitional Services Guidelines and actively participating in ongoing discussions.

Kind regards,

Tesla Energy Policy Team

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