



Australian Government
**Department of Industry, Science,
Energy and Resources**

Senator the Hon David Fawcett
Chair
Senate Environment and Communications Legislation Committee
Parliament House
CANBERRA ACT 2600

Dear Senator Fawcett

On reviewing the Proof Hansard of the testimony given by the department at the Senate Estimates hearing on 25 May 2021, we find that some of the information provided to the Committee would benefit from clarification and correction.

The following exchange occurred between Senator Small and Ms Rachel Parry:

Senator SMALL: So in a way it's actually the variability of new renewable sources that is driving the

economics behind gas power generation having an increased role to play in the market?

Ms Parry: Absolutely. As we recited in the examples earlier: again, the role of peaking plants, when renewables come off, either in a high-demand scenario or if something happens—obviously in the evening peak, gas kicks in. Gas, pumped hydro and batteries. But batteries have a limited life and batteries don't tend to play in the generation space. They tend to play in the FCAS market and right now only account for about 0.5 per cent of generation capability across the NEM. Batteries have a very unique role. They will get bigger and better and less expensive over time, but we aren't seeing that right now. CSIRO's latest gen cost report states that by 2030 variable renewable energy with backup will be more cost competitive, but right now the current capital cost for delivering battery storage with eight hours of storage is roughly three times that of an OCGT operator. We're seeing that batteries aren't there yet. They will get there. They have an important role to play, but they're not there yet in terms of being able to provide that service that an OCGT plant does.

The percentage that batteries account for of total generation should have been testified as 0.05 per cent. This reflects data for the National Electricity Market (NEM) in 2020, where batteries represented just 0.05 per cent of total generation.

I apologise for any inconvenience caused and ask that you alert other members of the Committee to this correction.

Yours sincerely



Joe Ritchie
A/g General Manager
Electricity Markets Branch

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