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nova energy

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Electricity Authority

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Submission on Common quality and wholesale market arrangements for BESSs and BESS-hybrid stations Issues and Options Paper

Overview

Nova has reviewed the Authority's issues and options paper on common quality and wholesale market arrangements for standalone BESS and BESS-hybrid projects.

Nova agrees that market rules, systems and processes will need to evolve to incorporate BESS and other new technologies in ways that support common quality, market efficiency and the long-term interests of consumers.

Nova's interest in DC-coupled BESS-hybrid projects

Nova continues to investigate how battery technology can be incorporated into its business to enable it to better compete in the market including DC-coupled BESS co-located with generation, where storage and generation may share inverter and connection infrastructure. Nova sees potential opportunities for BESS to be co-located with existing or future generating assets, leveraging grid connection assets while supporting common quality outcomes associated with inverter-based generation projects and enabling operational optimisation and synergies.

Regulation should be technology-agnostic where possible

Battery technology has a broad range of potential applications across the market, including within the regulated distribution and transmission elements of the sector. This creates complexity, and any enduring regulatory framework must be well thought through, proportionate, technology-agnostic where possible, and capable of evolving as industry experience and technology develop. Nova considers technology-agnostic regulation important to minimise distortions in technology selection and project design, including between AC-coupled, DC-coupled, standalone and hybrid configurations.

Idle BESS and asset owner performance obligations

Nova is concerned that asset owner performance obligations for BESS may go too far if idle BESSs or BESS-hybrid stations are required to provide frequency management support when they are electrically connected but not dispatched, cleared, contracted, or otherwise remunerated for energy or ancillary services. In principle, Nova considers that frequency management obligations should not apply to an idle BESS or idle BESS-hybrid station unless the asset is participating in, or being paid for, the relevant service. Nova recognises that voltage support while idle may raise different considerations, but any such obligation should be limited to circumstances where it is technically feasible, proportionate, low cost, and supported by a clear pathway for cost recovery or recognition.

Efficient investment and cost recovery

Nova supports regulatory settings that enable efficient investment in BESS and BESS-hybrid stations, including DC-coupled BESS co-located with generation. Obligations should be technology-neutral where possible, proportionate to clear system benefits, and designed so that the costs of meeting those obligations can be recovered through market revenues, ancillary service arrangements, or other transparent mechanisms. The regulatory framework should avoid favouring or disadvantaging one technical configuration over another unless there is a clear and demonstrable system security or market efficiency reason to do so.

Station-level assessment for BESS-hybrid stations

Nova considers that common quality obligations for BESS-hybrid stations should generally be assessed at the station level rather than separately for each technology component. This is particularly important for DC-coupled configurations, where the generation and storage components may not be physically or operationally separable at the AC side of the inverter. A station-level approach better reflects the impact of the plant at the point of connection, allows the asset owner to optimise the response across the generation and storage components, and avoids inefficient or duplicative requirements that could increase costs without commensurate system benefits.

Voltage support and point of compliance

Nova does not support moving the point of compliance for voltage support obligations to the point of connection to the transmission network as doing so would unnecessarily complicate assessment of plant or station reactive capability that is closely tied to the relevant inverter-based equipment or generation units.

In Nova's view, regulatory requirements should focus on observable performance and clear system-security benefits, without imposing unnecessary additional costs on the connecting party through compliance assessments that mask the practical capability of the plant. If the System Operator seeks to optimise clause 8.23, Nova considers that attention should be directed to reducing reactive power compliance obligations at edge cases where there is a very low probability that level of voltage support would be dispatched in practice, for example, 50% reactive power export when grid voltage is 110% of nominal. This clause 8.23 optimisation opportunity has been raised by many submitters historically, given the significant additional plant costs that are incurred if full compliance at the edge cases is required.

Wholesale trading and metering arrangements

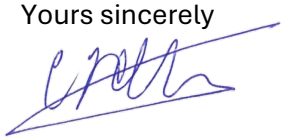
For wholesale trading arrangements, Nova supports retaining flexibility for BESS-hybrid stations to offer by technology component where that is efficient, while also allowing single-station offering where that better reflects the intended operating model and does not undermine system security or dispatch efficiency. This flexibility is especially important for DC-coupled BESS co-located with generation, where component-level offering or metering may be more complex and may influence technology selection. The Authority should avoid prescriptive rules that unnecessarily increase trading, metering or compliance costs, particularly for future project configurations where the commercial and technical arrangements are still developing.

Nova encourages the Authority to carefully assess the implications of any additional metering or information requirements for BESS-hybrid stations, including DC-coupled configurations. Requirements for component-level metering, state of charge information, or other operational data should be justified by clear benefits, protect commercially sensitive information, and be implemented in a way that does not create unnecessary barriers to efficient investment or bias developers away from otherwise efficient DC-coupled designs.

Implementation and next steps

Nova considers the Authority should proceed carefully in this complex area. Further targeted investigation, industry engagement, transitional provisions and consultation on specific Code changes will be required to ensure good outcomes for consumers, investors, asset owners and the System Operator.

Yours sincerely



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