



Mr Chris Pattas
General Manager
Network Regulation South
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3000

19 August 2010

Dear Mr Pattas,

Re.: Proposed network storage demonstration by SP AusNet and the CSIRO

I understand that SP AusNet is disappointed with your draft determination on their 2011-2015 funding which you published on 4 June 2010. I don't wish to comment on the general aspects of this document, however, part of SP AusNet's submission is a Network Storage Demonstration project in partnership with CSIRO to demonstrate new energy storage technologies in support of constrained distribution feeders. I don't believe this project is mentioned in your draft determination and I'm writing to encourage you to consider this aspect again.

Energy storage technologies are developing rapidly at this time, because they are important in supporting the growth of renewable energy generation and electric vehicles, and significant "smart grid" government funding is targeting energy storage. The range of applications in the electricity system is very large and includes several network support services such as mitigating peak load, responding to fault conditions, supporting islanded operation, and enabling firm renewable generation. Our proposed project with SP AusNet would select a suitable rural network feeder, define and install an MW-scale storage facility, demonstrate the performance of the storage facility over a period of regular network operation, and develop scalable models applicable to other network regions.

The outcomes would be a quantified understanding of the comparative benefits, economic and environmental, of energy storage compared to other network investments. This would be valuable for all Australian network operators and would assist you as regulators to understand an important new category of network investment.

I hope you can reconsider this aspect of your draft determination and I encourage you to call me if you would like to discuss the proposed Network Storage Demonstration project in more detail.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Geoffrey James", is written over a blue horizontal line. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

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