

Storage Initiative

Frequently Asked Questions

Storage Initiative - up to \$25million for 2x20MW/100MWh

No.	Question	Response
1.	How much is being spent on storage in Victoria?	The Victorian Government's overall commitment to energy storage is up to \$25 million. The initiative seeks to deploy up to two projects of 20 megawatts minimum capacity each of commercially-ready battery storage, that combined, will provide at least a total of 100MWh by January 2018.
2.	Where will the 2 by 20MW/100MWh storage facilities be located?	<p>The Andrews Labor Government is calling for detailed proposals for large scale battery energy storage facilities. Projects must be located in western Victoria.</p> <p>The choice of location should maximize the ability to alleviate grid constraints, strengthen grid reliability and be appropriate for the integration of renewable energy into the power and energy profiles of the network at that point.</p>
3.	When will the 2 by 20MW/100MWh storage facilities need be operational?	The target is for the 2x20MW/100MWh batteries will be deployed and operational by January 2018 or earlier.
4.	Why is the government investing in energy storage?	<p>To support large-scale energy storage, to enhance the reliability of our grid and unlock economic growth in areas experiencing network constraints.</p> <p>Energy storage will play a vital role in integrating renewable energy generation into the Victorian electricity network. It will help enhance system security, resilience and reliability, especially in peak demand periods.</p>
5.	How will the battery storage be used?	<p>Energy storage at small-scale is already being used in residential homes. Deployment at large scale is now ready which will add grid security and stability, providing both immediate grid services and longer-term benefits to consumers.</p> <p>Batteries, can provide instantaneous energy during critical peak times. Storage, when combined with renewable energy, will help maintain our reliable, resilient and and affordable energy</p>

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		generation.
6.	What will 100MWh of battery storage deliver and how will it help Victoria's grid?	<p>This initiative will highlight Victoria's position as a leader in managing the transition to a secure and modern energy system through deployment of new energy technologies.</p> <p>Deployment of 2 by 20MW/100MWh of battery storage builds a fit for purpose system, that supports demand management, energy trading, supply management, power stability, reliability and new consumer products.</p>
7.	I already submitted an expression of interest for the 20MW project. Am I eligible for this initiative?	<p>Proponents who submitted an expression of interest to the process run in February and March 2017 are encouraged to submit a detailed proposal for large-scale battery storage facilities in western Victoria.</p>
8.	Where do I send my questions or guideline clarification?	<p>Please email energystorage@delwp.vic.gov.au for your questions and clarifications. Please also email this address if you wish to request a one-on-one clarification workshop with the Energy Storage Initiative team.</p>
9.	Is the \$25m open to a number of smaller grid scale storage options? And if so, what's the minimum size?	<p>The Initiative seeks to deploy up to two projects of 20 MW minimum capacity each of commercially-ready battery storage, that combined, will provide at least a total of 100MW/h by January 2018.</p> <p>Proposals can be for single or multi-sites with a minimum 20MW under that proposal.</p>
10.	Will this initiative create new jobs?	<p>There are significant opportunities for employment growth and investment in grid scale storage – with the potential to create new jobs over the construction period and for ongoing maintenance and operations.</p> <p>It is expected that the grid-scale battery storage project will create jobs throughout its lifecycle, including in civil works involved in site preparation, and through to installation and commissioning of the storage technology itself. There will also be a need for ongoing work in operations and maintenance.</p> <p>Most importantly, this project will have a lasting impact, by skilling up Victorian workers to install, operate and maintain grid-scale storage, so they are ready for the new jobs that this technology will create as it becomes an increasingly important and common part of our energy mix in the future.</p>

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| 11. | Why do we need energy storage? Why now? | Energy systems around the world are transforming through rapid changes in energy technologies, consumer behaviour and choices, and global demands for cleaner energy. A clear and well planned transition to a clean energy future now will help us avoid a much larger, more disruptive and costly transition in the future. The review into the future security of the National Electricity Market (NEM) led by Dr Alan Finkel AO recognises that technical solutions to energy stability and reliability already exist, such as batteries for energy storage, but these solutions need to be expedited. We can benefit from the experience of countries already using these methods to place Victoria as a national leader in transforming to a modern energy future. The challenge now is to better integrate new methods of generating and using energy while maintaining system reliability and affordability. |
| 12. | Will renewable energy be as reliable as fossil fuels have been? | Energy storage and other technologies can provide immediate energy during critical peak times, as well as helping to integrate renewable energy generation. Storage, when combined with renewable energy, will help maintain our reliable and affordable energy supply, especially in times of peak demand. |
| 13. | Isn't gas cheaper than renewable energy? | <p>While gas-fired generation has been the 'least cost' source for power in the form of peaking and load following, analysis now shows that renewables + storage have surpassed gas as the cheapest source of new peaking power. This is due to the combined impact of rising domestic gas prices and falling costs of storage technology.</p> <p>This means that renewables (with storage) will be able to provide reliable energy supply even when the wind is not blowing or the sun not shining – a significant step in allaying intermittency concerns.</p> <p>These findings are the result of an extensive study of the cost of energy storage technologies in Australia by Reputex. Reputex is an Australian provider of energy and emissions market analysis.</p> |
| 14. | What is the wider benefit for Victorians? | <p>Storage technology is comparable with other peaking generation and can be deployed quickly also allowing for more efficient use of the system which can help keep downward pressure on energy bills reducing network costs.</p> <p>Energy storage will improve grid reliability and reduce network constraints. They will also provide instantaneous energy at critical (peak) times and support smooth integration of wind and solar</p> |

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		power.
15.	Is a 2X20MW battery able to power a town the size of Bendigo or Ballarat for up to four hours during a peak demand period and avoid outages?	<p>The actual power rating and the size of the storage required will depend on the application of the battery. They will be influenced by other factors such as availability of supply from other operational connection lines, existing generators, existing residential storage, battery technology type, connection constraints and system configuration (i.e. aggregated capacity from distributed storage vs single storage unit).</p> <p>The example provided in the media release is for illustrating the potential scale of the storage (based on estimated residential power demand for the City of Bendigo). The size of the battery is scalable to achieve a desired duration of power supply.</p> <p>Peak demand describes a period in which electricity demand is expected to be provided for a sustained period at a significantly higher than average supply level. Peak demand fluctuations may occur on daily, monthly, seasonal (e.g. usually expressed in winter/summer) and yearly cycles.</p>
16.	How much land would a 2X20MW battery facility occupy?	<p>This may depend of configuration, and where the facility is located on the electricity grid.</p> <p>For example, Tesla's 20MW/80MWh utility scale energy battery storage facility in Southern California occupies approx. 1.5 acres or 0.6 hectares (or 6,070 square meters).</p> <p>In a spatial sense, you could fit approx. 4 of these scaled facilities on the oval grounds of the MCG (which is 23,300 square meters).</p> <p>It will be important for all energy storage proposals to demonstrate that they have identified suitable and available land for energy storage projects, that they have proactively worked with the relevant planning authorities to understand and gain agreement to work through appropriate approvals processes (i.e. noise and other set back standards) before submitting to Government.</p>
17.	Why is the government now allocating its full investment of \$25 million to this Initiative?	<p>The call comes following an exceptionally strong market response to an expression of interest process run in February and March this year.</p> <p>The Victorian Government is now allocating its full investment of \$25 million to this call for detailed proposals, getting ahead of summer peak load demands expected early next year.</p>

Application FAQs

No.	Question	Response
17.	The maximum word limit is too short, can I state “refer to attachment” in this section?	No, responses should be concise and be able to be assessed without further information. Attachments can be added to the Application but should supplement the answer only and not replace it.
18.	When will the funding be available?	Successful projects will receive payments based on evidence of the completion of milestones in their Funding Agreement.
19.	Does the Lead Organisation have to be Australian-owned?	Yes, the Lead Organisation must have an ABN. Please refer to the Application Guidelines.
20.	What involvement will the Government have with successful projects?	The Department is responsible for providing grant funding and ensuring that the milestones in the funding agreement are delivered in time and on budget. The respondent is responsible for the project and delivery of its activities according to the funding agreement.
21.	Can an organisation apply for more than one grant?	An organisation can submit one or more applications. As this is a fully competitive tender grant round, each application is regarded as a separate application and will be assessed on its own merit.
22.	What is the VIPP and will I be subject to its conditions?	<p>The Victorian Industry Participation Policy (VIPP) is a Victorian Government Initiative designed to ensure that local small and medium enterprises (SMEs) are given a full and fair opportunity to compete for government contracts, while still achieving value for money. The Industry Capability Network (ICN) Victoria facilitates the VIPP on behalf of the Victorian Government.</p> <p>The VIPP applies to Victorian Government procurement activities, construction activities, major projects, major events, public private partnerships and investment support, business</p>

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development and community infrastructure grants above the threshold values of \$3 million or more in metropolitan Melbourne and \$1 million or more in regional Victoria. More information is available from the ICN website:

<http://www.icn.org.au/content/victoria/vipp>

Compliance with the VIPP is an Application condition and if the project is selected for funding under the this Initiative and the project value is above the VIPP threshold noted above, the Respondent is required to register their project with the ICN. This process needs to be followed in order to receive the grant.

23. **How do I know if my technology is considered commercial / commercially ready?**

The technology is considered commercial if it is commercially ready or if the technology specified for the project will have commercial and performance guarantees.

24. **What is the competitive selection phase in the assessment process?**

Shortlisted applications will enter into exclusive negotiations with the Department to negotiate a funding agreement and be awarded a budget for a competitive selection process to advance towards technical and financial closure.

It is anticipated that the most advanced applications will be selected and funding agreements executed within four to six weeks following the notification of shortlisted applications.

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