



Media Release

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Future State NEM analysis finds Tasmania could become the Battery of the Nation

Tasmania has strengthened its case to become the Battery of the Nation as a new study released today by Hydro Tasmania confirms the state can play a significant role in the transformation of the National Electricity Market (NEM) over the next two decades.

On behalf of the Australian Government, the Australian Renewable Energy Agency (ARENA) provided Hydro Tasmania \$500,000 in funding to develop a blueprint of the role Tasmania could play in the context of the future NEM. The study was completed as part of the \$2.5 million in funding made available for the Battery of the Nation Project.

The Future State NEM analysis explored how the Tasmanian hydro system can support further on-island renewables development, such as wind, through augmentation of existing hydro-electric power plants, pumped hydro energy storage development and further interconnection with the broader NEM. The analysis concludes Tasmania has potential to expand its role in the NEM and found the Battery of the Nation is a viable and cost-effective option for supporting Australia's future energy needs.

The study also identified that along with Tasmania's cost competitive pumped hydro, Tasmania has a diverse wind resource which would generate electricity at different times from the mainland wind resources. The Battery of the Nation hydro projects and a second interconnector could unlock greater wind generation.

ARENA and Hydro Tasmania also recently announced 14 'high potential' sites for pumped hydro plants around existing reservoirs, representing a combined potential capacity of up to 4800 MW. Overall the estimated capital cost across the potential projects is in the region of \$1.1-\$2.3 million per MW, with most opportunities less than \$1.5 million per MW.

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ARENA CEO Ivor Frischknecht said “Tasmania’s vast pumped hydro and renewable energy reserves place it in a great position to increase capacity to the NEM.”

“As renewable energy grows to comprise a larger percentage of the nation’s electricity the importance of storage for reliability also increases. The Battery of the Nation has the potential to provide for the future needs of the NEM,” he said.

“A new connection between the island state and the mainland could help to harness the power of Tasmania’s wind, and the considerable potential for new pumped hydro energy storage.” Mr Frischknecht said.

Hydro Tasmania CEO Steve Davy said the work confirms there’s potential in Tasmania to meet Australia’s future energy needs.

“Two things are now official: Battery of the Nation stacks up very well; and Tasmania can deliver on the opportunity.”

“Of course, we need more interconnection to succeed. Even with that interconnection cost, the Future State NEM analysis confirms Battery of the Nation is a front-runner that’s extremely competitive and cost-effective,” he said.

ARENA has also committed \$10 million in funding to support TasNetworks in preparing a technical and commercial feasibility study for a second interconnector from Tasmania.

About the Battery of the Nation

The Battery of the Nation initiative is setting up a blueprint for how Tasmania’s renewable resources are developed over the coming decades. With the support of ARENA, the initiative is advancing studies into projects that if realised, would lock in full energy security for Tasmania, help give Tasmanians access to the lowest possible power prices and deliver reliable, affordable renewable energy. By boosting the hydropower system with pumped hydro, with increased wind generation and more interconnection, Tasmania could also significantly grow its contribution to a future National Electricity Market (NEM).

ARENA has committed \$2.5 million in funding for initial pre-feasibility studies to redevelop existing hydro-electric power stations at Tarraleah and Gordon, to identify and scope high potential Pumped Hydroelectric Energy Storage (PHES) sites and to explore the potential of Tasmania to play an expanded role in the NEM.

To download the report, visit arena.gov.au or hydro.com.au

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