

7 August 2025

Australian Energy Market Commission
Submitted online via the AEMC's submission portal

To whom this may concern,

Re: Efficient Provision of Inertia Rule Change Directions Paper

TasNetworks welcomes the opportunity to provide a submission to the Australian Energy Market Commission's (**AEMC**) Draft Determination on the Efficient provision of inertia in the National Electricity Market (**NEM**) rule change consultation. As both the Transmission and Distribution Network Service Provider in Tasmania, TasNetworks appreciates the complexity regarding the provision of system security services throughout the NEM, particularly considering the transition from large synchronous loads to inverter-based renewables (**IBR**).

TasNetworks supports Energy Networks Australia's submission and provides the following additional comments.

TasNetworks supports the AEMC's decision to not implement a market for the procurement of additional inertia. The factors that inform our view are the marginal benefits demonstrated through HoustonKemp's modelling, the maturing understanding of inertia in the NEM and the opportunity cost of another large reform. Additionally, Tasmania specific issues exist for a competitive market, such as the monopoly of inertia provision within the state and the inability to transfer inertia from other providers via high voltage direct current (**HVDC**) interconnection. It is worth noting that TasNetworks supports the characterisation of inertia into minimum and additional, and that the provision of minimum inertia for system security is well established and ensures positive customer outcomes for Tasmanians from both a reliability and cost perspective.

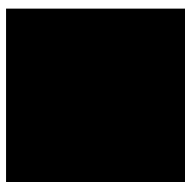
Whilst Tasmania has a large fleet of hydro generation that will continue to inherently provide inertia when dispatched or provide minimum inertia via off market contractual arrangements, there will be increasing occurrences of local demand being met primarily by IBR based on the Australian Energy Market Operator (**AEMO**)'s IBR forecasts for Tasmania. Without a mechanism to enable additional inertia above minimum levels, it is likely to increase the amount of binding rate of change of frequency constraints which would restrict low-cost generation dispatch, resulting in customers paying higher prices.

For this reason, the AEMC's intention to ask the Reliability Panel to monitor system conditions that may support reconsidering operational procurement of additional inertia is welcomed by TasNetworks. TasNetworks is also supportive of the industry continuing to consider the need for a mechanism for additional inertia to be procured that could enable

more low-cost generation to be dispatched whilst avoiding the potential costs of developing a complex system such as a market, which may not be suitable for Tasmania.

If you have any questions in regard to this letter, please contact Sam Riewoldt, Senior Regulatory Analyst at sam.riewoldt@tasnetworks.com.au

Yours sincerely



Sandra Thaow
Acting Head of Regulation