



7 May 2020

Mr John Pierce AO
Chairman
Australian Energy Market Commission
PO Box A2449
Sydney NSW 1235

Lodged via AEMC website: www.aemc.gov.au

Re: Investigation into System Strength Frameworks in the NEM (EPR0076): Discussion Paper

Dear Mr Pierce,

Tilt Renewables is a leading Australasian renewables developer engaged across all stages of project development through to operations. Tilt Renewables currently has 366 MW of operational wind farms across the NEM and New Zealand, plus a further 469 MW in construction/commissioning and over 3 GW in its development pipeline.

Tilt Renewables welcomes the opportunity to provide feedback on the Australian Energy Market Commission's (AEMC's) discussion paper on its investigation into system strength frameworks in the National Electricity Market (NEM) and supports the AEMC's work in this important area. System strength issues have arisen in various jurisdictions of the NEM over recent years, impacting on both operating generators as well as creating delays, uncertainties and additional costs for new projects through their development phase and construction phases.

Tilt Renewables largely agrees with the AEMC's definition of the problem and the need for considered reviews into how to address this as the market evolves. The current "do no harm" framework leads to fragmented and highly inefficient investments from multiple proponents, where more centralised solutions may have been far more effective. In addition, the original framework required Generators to undertake a Preliminary Impact Assessment (PIA) followed by a Full Impact Assessment (FIA) as necessary, however this framework has failed in that Generators are required to conduct an FIA regardless of the PIA assessment results, including for projects located in stronger parts of the network. We request that the AEMC review the need for the Do No Harm framework and its relevance under this review. These existing processes ultimately lead to adverse consumer outcomes, as low-cost generation capacity is delayed and/or made more expensive than it would otherwise be, were system strength requirements provided in a more efficient manner.

Furthermore, the current framework for declarations of minimum strength shortfalls and the subsequent addressing of these by TNSPs involves significant time lag, does not account for 'uncommitted' (but highly likely) future generation connections, and is a generally reactive process which does not provide for services to be efficiently planned and delivered where and particularly when they are actually needed.

Tilt Renewables supports a centrally coordinated model for system strength as the most pragmatic and effective way of managing this system issue. We suggest central planning of system strength forecasting requirements be conducted by AEMO, however under a clear, timely and transparent process such that market participants can be confident in the approach taken and have sufficient visibility to inform their decisions. System strength requirements should also be considered alongside other relevant system requirements (eg. inertia), so that efficient overall solutions to network needs can be identified, particularly where common investments may be able to provide multiple services.



Definition of requirements would be followed by procurement by TNSPs under a regulated recovery model (though partial pass through to newly connecting generators in order to encourage appropriate technology and locational decisions may be reasonable), given these entities are best placed to manage those elements and a more effective and least-cost overall outcome would be expected.

The above approaches would provide investment certainty for Generators and enable scale-efficient, long-term and timely system strength solutions, that will lead to lower costs to consumers.

Tilt Renewables will be pleased to meet with you to discuss this submission in more detail and provide ongoing support through the consultation processes. Please contact the undersigned or Rhys Albanese at rhys.albanese@tiltrenewables.com / 0423 423 797.

Regards,

A handwritten signature in blue ink, appearing to read "Nigel Baker", on a light blue background.

Nigel Baker
Executive General Manager, Generation and Trading
Tilt Renewables
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