



4 February 2021

Ms Anna Collyer  
Chair  
Australian Energy Market Commission

Lodged via the AEMC website

**ERC0263, ERC0296: FREQUENCY CONTROL RULE CHANGES DIRECTIONS PAPER**

Dear Ms Collyer,

Tilt Renewables is a leading Australasian renewables developer, owner and operator 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 (TLT) welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC) directions paper regarding Fast Frequency Response (FFR) and incentive arrangements for Primary Frequency Response (PFR). TLT supports the work that the AEMC and the Australian Energy Market Operator (AEMO) are undertaking with respect to improving system frequency outcomes in order to ensure system security is maintained. Due to the observed decline in the performance of system frequency, TLT recommends that this package of work be progressed as a priority and not bundled into medium to longer term reforms, such as the post 2025 market design framework.

**Fast Frequency Response**

As detailed in its response to the system services rule change, TLT supports the introduction of FFR as a recognised service in the NEM, and specifically option 1 as detailed in section 4.7.1 of the directions paper. By appropriately valuing FFR through the creation of two new contingency FFR (raise and lower) services, efficient investment and operational decisions will result in the provision by the market of the necessary FFR capability, where AEMO has previously had challenges in procuring such services. These explicit services will be able to be co-optimised with other frequency services and potential new services in the future (e.g. inertia) to ensure the most efficient outcomes for consumers.

The directions paper indicates that it may be appropriate for FFR costs to be weighted based in the degree to which the participant causes the need for FFR, and suggests an approach where participants providing inertia may be deemed as not causing the need for FFR. TLT would like to remind the AEMC that the requirement for contingency services is due to the consideration of contingency events, and payment arrangements should continue to follow the causer pays principles as accepted by the ACCC, rather than being distorted based on historic inertial contributions.

**Primary Frequency Response**

TLT supports the introduction of a mechanism to create an incentive for providing PFR. As mentioned previously, this piece of work should be progressed as a priority, and if arrangements can be made prior to the sunset of the current mandatory PFR requirements, then it would make sense to bring forward the end date for mandatory PFR.



TLT considers that a market-based approach to pricing arrangements, similar to existing FCAS markets, will result in the most efficient procurement of these services. A market-based arrangement would allow for those who are best placed to provide PFR to do so, from both operational and commercial perspectives. This would also ensure that there is not an inefficient oversupply of the service, as there likely is now with mandatory PFR.

Tilt Renewables will be pleased to meet with you to discuss this submission in more detail and provide ongoing support through the consultation process. Please contact the undersigned or Rhys Albanese at [rhys.albanese@tiltrenewables.com](mailto:rhys.albanese@tiltrenewables.com) or 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**