



28 January 2021

Ms Merryn York
Acting Chair
Australian Energy Market Commission

Lodged via the AEMC website

ERC0294: CONNECTION TO DEDICATED CONNECTION ASSETS

Dear Ms York,

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 (TLT) welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC) draft determination on dedicated connection assets. TLT broadly supports the AEMC's framework for Designated Network Assets (DNAs) as a preferred solution to both AEMOs proposed rule change and the strawman model that was presented in the issues paper, however has some concerns and suggestions regarding the details of the proposal as outlined below.

The current proposal has limitations in detail and structure which would not provide the required level of certainty for an investor to confidently support the construction of a new DNA. TLT requests there be further consultation and then detail clarified into the rules regarding the structure and requirements for the *access policy* which will apply to a DNA, particularly how the rights of the existing user(s) and the owner of a DNA will be protected over time.

TLT envisages that proponents will from time to time seek to build staged generation projects using the DNA framework for their connection, where for efficiency the investment in connecting assets is made up front at a level to cater for subsequent stages of the generation project in addition to the initial phase. In order for this to be successful, developers will require a mechanism to secure access for all stages of their project (including those that may take several years to become fully 'committed'), without other developers securing connection under the DNA framework before the final stages of the initial proponent's project can be built. Where spare capacity remains once an initial proponent has fully connected all phases of their project(s), access by third parties to such spare capacity should then be facilitated, but subject to the DNA owner being proportionately compensated. This must apply even where there is no impact on existing generators using the DNA (due to the new connection utilising 'spare' capacity) to avoid 'free-riders' utilising DNA capacity without contributing to the underlying costs of the DNA, and to avoid creating disincentives for DNA developers to build additional capacity into new infrastructure.

Related to this, negotiations by a third party for connection to a DNA appear to be structured such that those negotiations would be with the Primary TNSP, without involvement of the DNA owner themselves. When combined with the limited definition of access policies, this creates a further limitation on the true rights available to the DNA owner. The rights of the DNA owner must be clear, unambiguous and protected over time, if they are to have the confidence to undertake any significant investment in new transmission capacity, something which should be encouraged in the current NEM context.



TLT also notes that the AEMC limits DNAs to a radial transmission configuration. However it could be reasonably expected that as the NEM evolves, at some point it may be efficient for many DNAs to be further connected into the meshed network. TLT encourages that the AEMC consider a mechanism whereby a DNA could be eventually augmented to a meshed transmission configuration and incorporated into the transmission system, while fully protecting the rights of DNA owners and those connected to it. Additionally, it should be clarified that 'radial' configurations for the purposes of this rule change would include multi-circuit transmission assets.

Lastly, the draft determination makes several references to the Coordination of Generation and Transmission Investment (CoGATI) reforms. TLT reiterates that given the fundamental flaws and lack of justification for the CoGATI reforms, as described by TLT's submissions to that consultation process combined with the overwhelmingly large number of industry participants against it, the CoGATI framework continues to act as a significant distraction from necessary market reforms and should not be assumed in other rule changes as a necessary or certain future reform.

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 or 0423 423 797.

Regards,

A handwritten signature in blue ink that reads "Nigel Baker". The signature is written in a cursive style and is set against a light blue rectangular background.

Nigel Baker

**Executive General Manager, Generation and Trading
Tilt Renewables**