



16 June 2022

Ms Anna Collyer
Chair
Australian Energy Market Commission
Lodged via AEMC website: [AEMC](#)

Re: Primary Frequency Response Incentive Arrangements Second Directions Paper

Dear Ms Collyer:

TLT (Tilt Renewables) welcomes the opportunity to make a submission to the above paper as part of our continuing engagement with the Australian Energy Market Commission.

Tilt Renewables is committed to continue playing a lead role in accelerating Australia's transition to clean energy. Tilt is the largest owner and operator of wind and solar generation in Australia, with 1.3GW of renewable generation capacity, consisting of nine wind and solar farms operating or in the final stages of commissioning, and another 396MW wind farm (Rye Park in NSW) under construction. In addition, Tilt Renewables has a development pipeline of over 3.5GW including the 1.5+GW Liverpool Wind Farm development project in NSW's CWO REZ.

Noting that the AEMC has made the decision to not address stakeholder feedback with respect to concerns of the proposal for enduring mandatory PFR (Primary Frequency Response) arrangements in the NEM, TLT has limited its feedback in this paper to the AEMC's second issues paper. Notwithstanding this, TLT's concerns regarding enduring mandatory PFR arrangements remain.

TLT is supportive of the AEMC's decision to change course from the original design of the DSCP (Double Sided Causer Pays) mechanism with respect to sharing costs for regulation services enabled and not used. This design element was one of the many concerns that TLT and other stakeholders had with the draft rule. TLT believes that the introduction of default contribution factors as proposed in the revised rule more broadly aligns with the risk allocation framework and causer pays principles.

While TLT is supportive of removing the benefits of portfolio aggregation with respect to causer pays outcomes for the reasons mentioned in the paper, TLT questions whether allocating factors down to the DUID level is appropriate. As the connection point is the boundary between the generating system/load and the transmission network, perhaps this is the most appropriate point at which deviations to the target trajectory are measured and allocated. Any netting of factors behind the connection point could continue as the aim should be to assess any generating system/loads active power performance with respect to frequency outcomes on the transmission system.

With the removal of portfolio aggregation, TLT also suggests that as part of the information provisions that AEMO publish recovery and payment amounts down to the same granularity



(whether it be DUID or Connection Point) in the EMMS database. For example information provided in the SET_FCAS_PAYMENT and SET_FCAS_RECOVERY tables, which is currently aggregated by participant ID. This will provide market participants with greater transparency with respect to frequency performance and enable participants to focus their efforts on particular sites or DUIDs.

In the paper, the AEMC states that "apart from the costs associated with reserving headroom or footroom, the costs of providing PFR are broadly the same as those for providing regulation services." TLT disagrees with this statement, as the vast majority of suppliers of regulation services have a fuel cost, which should not be compared to semi-scheduled generators who are spilling emissions free and zero-marginal cost resource to provide PFR and/or headroom. However, with the lack of a more appropriate signal, TLT do agree that the regulation price is the nearest price signal in the market for the value of PFR. In this context, TLT would like to reiterate from its position from its prior submission that the AEMC mandate the use of P_available instead of P_max in the droop calculation as determined in the Primary Frequency Response Requirements.

Once again, thank you for the opportunity to provide a submission on this matter. If you would like to discuss any of the issues raised in this submission further, please contact Rhys Albanese at rhys.albanese@tiltrenewables.com.

Yours Sincerely,

Geoff Dutailis

Chief Executive Officer

Tilt Renewables