18 January 2024

Benn Barr
Chief Executive Officer
Australian Energy Market Commission
Level 15
60 Castlereagh Street
Sydney, NSW 2000

Lodged online at: Lodge a submission | AEMC

Re: **National Electricity Amendment (Calculation of system strength quantity) Rule 2024 - Draft rule determination**

Dear Benn:

Tilt Renewables welcomes the opportunity to make a submission to the above Draft Rule as part of our continuing engagement with the AEMC.

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 1.7 GW of renewable generation capacity across ten operating wind and solar farms (or under construction). In addition, Tilt Renewables has a development pipeline of over 5.0 MW of wind, solar and storage projects.

Executive Summary

- Tilt Renewables agrees that the apparent overstating of the System Strength Quantity (SSQ) for the NSP supplied solution should be addressed to provide a level playing field with self-remediation
- However, Tilt Renewables considers the requirement that self-remediation must occur Behind the Meter (BtM) is another 'level playing field' issue that should be addressed immediately---preferably by this rule change
- While we appreciate that some flexibility for future technologies and processes could be desirable, Tilt Renewables considers that stability in the methodology and approach to calculating SSQ is also important

SSQ Calculation and Behind the Meter Self Remediation

Tilt Renewables agrees that the SSQ calculation is likely to have different outcomes for the NSP supplied and Self Remediation options and this should be addressed for the reasons stated in the Draft Rule, such as,

> "Choosing between two equivalent options would support connection applicants in making an
>
> efficient choice and contribute to the overall aims of the system strength framework which are to: ...
>
> - capture potential efficiencies from central procurement of system strength..."

Tilt Renewables agrees with this statement---which equally applies to the inefficient and inequitable requirement that the self-remediation option must be Behind the Meter.

In Section 5.1.2 (a) of the System Strength Impact Assessment Guidelines (SSIAG), it is stated that System Strength Remediation Service (SSRS) must be installed behind the new renewable generator's connection point. However, these hybrid connections remain problematic and more cost-effective options are likely to be available.

It is stated on page 27 of the SSIAG that, "An SSRS must be designed to address the *adverse system strength impact* and the reduction in AFL." It is unclear why a SSRS located in an area near the new generator that addresses the adverse system strength impact and reduction in AFL at the new generator's PoC would not be satisfactory. It is even possible that locating the SSRS between a new generator's PoC and an area of poor system strength would be beneficial for overall network stability.

There are precedents for this as Synchronous Condensers (SynchCon) to remediate the impact of the Finley and Darlington Point solar farms were specified by AEMO to be located at the Buronga Terminal station some 300km away from the solar farms.

Should new generators in an area elect to pay the System Strength Charge, it is very likely the NSP would not install system strength remediation behind each generator's PoC as this would not be cost effective. They would instead presumably install one large SynchCon or Grid Forming Inverter & BESS in the area near the new generators. It is not equitable to burden generators wanting to self-remediate with a requirement to remediate behind the meter while NSPs are free to install sufficient remediation where it is most efficient and cost effective. It is in the interest of generators, and consumers, for generators to be able to choose the most efficient and cost-effective option including self-remediating in front of the meter, and potentially remediate other nearby generators to avoid NSPs having a monopoly on selling System Strength remediation services.

The title of Section A.3 states, in regard to the new SSQ calculation, that:

> The proposal will provide an equivalent choice between charging and remediation to support efficient provision of system strength

If the objective is to really provide an equivalent choice between charging and remediation, then it's clear that both options should have the ability to remediate in front of the meter. This BtM requirement burdens the self-remediation option just as the current SSQ calculation is an unfair burden to the NSP supplied option. Both inequities should be addressed immediately.

AEMO has been aware of this issue for many months and has not disagreed that the issue should be addressed, but they have not made resolution a priority. While it is understood adding such a provision to this rule change would be unusual, it should be seriously considered as it is addressing the exact same objective.

Changing the way the SSQ is calculated

Tilt Renewables agrees that some flexibility could be desirable to account for future technologies, knowledge and policies. However, it is very important that the calculation methodology is not left open to different interpretations and results as time goes by. The AER should carefully monitor AEMO's SSQ methodology to verify it complies with the identified policy principles.

Thank you for the opportunity to comment on the Draft Rule. Please feel free to contact jonathan.upson@tiltrenewables.com should you have any questions or to discuss any aspect of this submission.

Yours Sincerely,

Jonathan Upson

Head of Policy & Regulatory Affairs

Tilt Renewables