



To: AEMC  
From: Australian Coal Energy Council  
Date: 6/2/2024  
RE: Efficient provision of inertia

The Australian Coal Energy Council (ACEC) was founded in 2023. We represent the interest of major coal generators and coal mines in Australia and their investors. We aim to provide a balanced view on the energy transition. Our key principle is that shareholders are just as important as science in decision making.

### Submission

We support the Australian Energy Council's (AEC) proposal for a market for inertia.

An inertia market will be more efficient than contracting and deliver lower priced inertia. In a market existing and new coal units will shadow price their inertia. They will therefore always bid below the cost of new services. This will ensure that inertia is always cheaper than building new resources.

It is important that all coal units are paid for the inertia they provide. We do not support establishing a new ancillary service that would just pay additional inertia. We expect that inertia payments to coal will be an important part of equity returns for investors.

We do not support the provision of inertia from batteries. AEMO has studied this for many years but has not permitted a single battery to be paid for inertia. This shows that batteries cannot reliably provide this service. We worry that AEMO is being pressured to include batteries as part of a DEI ("Diversity, Equity, and Inertia") campaign. We believe only the most qualified technologies should provide inertia and we should work to preserve the status quo.

Thank you for engaging on this important issue for the coal industry.

Regards

Ray Gant  
ACEC Policy Manager  
[linkedin.com/company/australian-coal-council](https://www.linkedin.com/company/australian-coal-council)