



28 January 2022

Ms Anna Collyer
Chair Energy Security Board
Lodged via the ESB website

Dear Ms Collyer,

Submission to Transmission Access Reform Project Initiation Paper

Tilt Renewables (Tilt) is the largest owner and operator of wind and solar generation in Australia, with 1,313 MW of renewable generation capacity, consisting of nine wind and solar farms operating or in the final stages of commissioning, and one wind farm (Rye Park 396MW) under construction.

Tilt welcomes the opportunity to comment on the ESB's Project Initiation Paper as part of the next stage of the transmission access reform project.

Any changes to the market and regulatory frameworks must be assessed through the lens of the investment needed to deliver what is a 'complex and accelerating transformation of Australia's energy sector. The scale of investment in renewable generation and storage is significant; the Step Change scenario considered the most likely in AEMO's Draft 2022 ISP estimates we will need 170GW of renewables and storage to be connected to the NEM by 2050. The scale of the challenge is even greater under the Hydrogen Superpower scenario.

All parties need to be as confident as possible that options and solutions assessed will be effective and avoid any unanticipated consequences. With this perspective, as advised in earlier submissions to the ESB, Tilt does not support the Congestion Management Model (CMM) in its current form. The creation of new cost recovery models and access schemes will lead to unnecessary complexity, fragmented outcomes, impracticalities and ultimately delays in delivering the investment and physical infrastructure required.

The proposed CMM would significantly disrupt contracting between generators and retailers/loads and stall investment in new renewable energy. The continuing intention to introduce locational marginal pricing (LMP) and financial transmission rights (FTRs), albeit as a longer-term reform, will introduce significant costs and uncertainty for limited benefit. Ultimately these approaches will result in higher electricity bills for consumers.

We remain concerned that the problem definition should be reconsidered from the perspective of a future power system dominated by renewable generation, who have a very different short run marginal cost.

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Tilt welcome the ESB's openness in assessing other options put forward by the industry. However, the ESBs Initiation Paper suggests that issues with the CMM raised through exploration of alternative models will be fed into a *reimagined CMM*. We are concerned with this approach given the overwhelming opposition to date from industry on the CMM model and suggest that any options and models proposed by the industry must be assessed independently, rather than use these as inputs into a revised version of the CMM.

It is also important to recognise the effort and leadership by the States who are already well progressed with development of their own transmission plans to support REZ development. While these are still in early stages of design and subject to more detail, we encourage the ESB to leverage the work already underway in the States in its design of a national framework.

We request the ESB to reconsider progressing the CMM model and focus its resources on genuinely considering alternatives being proposed by the CEC and the CEIG as well as the access frameworks being developed by State Governments in VIC and NSW.

Thank you for the opportunity to comment and please feel free to contact me to discuss any of the issues raised in this submission.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Geoff Dutailis", written over a circular scribble.

Geoff Dutailis
CEO
Tilt Renewables

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