



# Capacity Investment Scheme (CIS) Tender 1 – National Electricity Market (NEM) Generation Financial Value Bid Q&A Responses

This document provides a compilation of responses to de-identified questions received from Proponents for CIS Tender 1 – NEM Generation. New Q&As are added to this document in chronological order and highlighted in green. All Q&As are allocated to categories aligning with the Q&A form: Merit Criterion 5 – Financial Value; Merit Criterion 6 – Commercial Departures; Merit Criterion 7 – First Nations and Social Licence Commitments; Other.

All responses and correspondence by AEMO regarding the Q&A Process in CIS Tender 1 – NEM Generation are subject to the Tender Conditions set out in Section 4 of the CIS Tender 1 – NEM Generation [Tender Guidelines](#) (published 31<sup>st</sup> May 2024).

**Important notice:** Proponents are reminded of Sections 4.5 (No warranty), 4.6 (No representations), 4.13 (Requests for clarification and further information) and 4.19 (Proponent to perform own due diligence) of the Tender Guidelines. AEMO and the Australian Government reserves its rights not to respond to any question or request. The responses provided are for information purposes only and neither AEMO or the Australian Government make any warranties or representations with respect to the completeness, accuracy, adequacy or currency of the responses. The responses do not take into account individual circumstances and Proponents should ensure they perform their own due diligence.

## Version Release

Version	Release date	Changes
1	05/09/2024	First Distribution – Q&As as at 5/09/2024
2	11/09/2024	Second Distribution – Q&As as at 11/09/2024
3	12/09/2024	Third Distribution – Q&A as at 12/09/2024
4	13/09/2024	Fourth Distribution – Q&A as at 13/09/2024

## Financial Value Bid Q&A

Q&A Release 4		Distributed 13/09/2024	
#	Category	Question	Answer
21	Other	<p>With relation to Hybrid Projects, per Clause 3.9 of the CISA a weighted discount is used to calculate NOR. At what price are those MWh of redirected generation considered for NOR purposes? At the "Floating Price" at the time it is generated, or at the "Floating Price" at the time it is subsequently sent to the grid by the AP?</p>	<p>Item 3.9 of Schedule 1 of the CISA outlines the calculation of Notional Quantity with consideration to the Sent Out Generation for a Trading Interval.</p> <p>Hybrid Projects are required to apply a discount factor to reflect that there may be generation directly exported to the Network and generation that is imported (i.e. directed to) the Associated Project (which is assumed to be ultimately exported to the Network via the Associated Project), and the losses that occur as a result.</p> <p>The distinction between generation that is directly exported to the Network and generation that is directed to the Associated Project is relevant for the calculation of the discount factor only, and generation by the Project (after applying the appropriate discount factors) is counted toward Sent Out Generation (and therefore within the scope of the CIS support) regardless of whether it is directly exported to the Network or directed to the Associated Project.</p> <p>For the purposes of applying the Floating Price all Sent Out Generation is to be treated consistently. As such the Floating Price used should be at the time it is generated.</p>

Q&A Release 4		Distributed 13/09/2024	
#	Category	Question	Answer
22	Other	Certain hybrid plants are configured to be able to recapture generation from the generation asset that would otherwise be lost (i.e. never make it to the grid if not for the Associated Project) due to grid limits and relative sizing of the assets. Should such generation be included within the definition of "notional quantity"?	<p>Item 3.9 of Schedule 1 of the CISA outlines the calculation of Notional Quantity with consideration to the Sent Out Generation for a Trading Interval.</p> <p>Hybrid Projects are required to apply a discount factor to reflect that there may be generation directly exported to the Network and generation that is imported (i.e. directed to) the Associated Project (which is assumed to be ultimately exported to the Network via the Associated Project), and the losses that occur as a result.</p> <p>The distinction between generation that is directly exported to the Network and generation that is directed to the Associated Project is relevant for the calculation of the discount factor only, and generation by the Project (after applying the appropriate discount factors) is counted toward Sent Out Generation (and therefore within the scope of the CIS support) regardless of whether it is directly exported to the Network or directed to the Associated Project.</p>
23	MC7	For purposes of calculating local content, should hybrid projects include the total capex or just the generation capex?	<p>Projects should include the total capex and the total value of Local Content Commitments in the MC7 Returnable Schedules.</p> <p>For Assessed Hybrid Project Bids, this total cost should include the cost of both the generation project and the associated project (storage).</p> <p>Proponents should provide a breakdown of the costs between the generation project and the associated project to provide further clarity.</p> <p>The assessment of commitments for an Assessed Hybrid Project will consider both the generation and storage technologies.</p>

Q&A Release 4		Distributed 13/09/2024	
#	Category	Question	Answer
24	Other	Are we able to submit financial statements that are not audited? The proponent entity was not subject to audit requirements for the last five years.	<p>As outlined in the Financial Value Bid Form, Proponents are required to provide audited Financial Statements for the past three years for the Proponent (including any Consortium Members) and parent companies (if parent companies are providing financing or financial support (including without limitation guarantees) for the Project).</p> <p>Where the entities are not subject to requirements to have annual financial statements audited, they may provide unaudited financial statements.</p>
25	MC6	If the project commences in a stub financial year, the project would require 16 years of price ceiling and floor. Could AEMO please confirm this is the approach?	<p>Unless the Support Start Date falls exactly on the commencement of a Financial Year, the Annual Floor and Annual Ceiling should be provided for 16 Financial Years. However, as stated in the proforma CISA, “bidders can put ‘N/A’ for the floor, ceiling and cap values in Financial Years in which they do not wish to receive Commonwealth support.”</p> <p>Please also refer to clause 1.6 (<i>Adjustment for partial periods</i>) of the proforma CISA which has been included to ensure that the Support Period will not exceed 15 years.</p>

Q&A Release 4		Distributed 13/09/2024	
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26	EC	<p>Tender Rule 2.24 requires the Proponent to nominate a Bid Entity in accordance with the Proponent Eligibility Criteria. Relevantly, Eligibility Criteria 7 requires the Proponent to nominate a Bid Entity which, at the time of execution of the CISA, must be a special purpose vehicle that satisfies certain requirements. The process for setting up Bid Entities is complex and time consuming, and it would be preferable to undertake this process following appointment as a Successful Proponent. On the basis of EC7, we propose that the Bid Entity does not need to be incorporated for bid submission, provided that the Proponent is able to confirm (i) the intended structure and ownership of the Bid Entity, and (ii) that the Bid Entity can and will be established on notice from the Australian Government or AEMO to enter into the CISA. Please could you confirm this approach is permitted?</p>	<p>EC7 provides that the relevant point in time within which the Bid Entity must satisfy EC 1 is at the time of the execution of the CISA. As such, incorporation of the Bid Entity (being the legal entity which is to be the counterparty to any Project Document which the Australian Government may offer to the Proponent) is not required prior to the Proponent's submission of its Financial Value Bid. Incorporation of the Bid Entity it is only required prior to execution of the CISA.</p> <p>As per page 11 of the Tender Guidelines, Invited Project Shortlist proponents must submit Project Documents in the form of an offer for acceptance by the Australian Government complete and capable of execution. However, in the case where the Bid Entity will be a special purpose vehicle, the Proponent is not required to provide the Bid Entity's execution details, including an ABN, at the time of submitting the Project Documents as part of the Proponent's Financial Value Bid.</p>

Q&A Release 3		Distributed 12/09/2024	
#	Category	Question	Answer
19	Other	Regarding the CISA, please confirm that meters A1i, A2i, Ci, Di, and Ei do not need to meet the requirements of Clause 4.2 (c).	<p>Clause 4.2 of the CISA provides the submetering requirements for the Project and Associated Project for all Assessed Hybrid Projects.</p> <p>As outlined in the drafting notes to Schedule 3 of the CISA, for all Hybrid Projects, the Proponent must include a metering solution that complies with the requirements in clause 4.2. It is expected that the metering solution will be sufficient to distinguish generated energy that is imported by the Associated Project prior to export to the Network and that the various meters would comply with the requirements in clause 4.2.</p> <p>Where Proponents cannot provide a metering solution (or specific meters) that comply with clause 4.2 and schedule 3 of the CISA, departures to the CISA may be made as part of the Financial Value Bid along with the rationale for seeking any such departures. Departures will be merit assessed during Financial Value Bid assessment.</p>
20	MC5	<p>An Assessed Hybrid solar project could have a firming offtake agreement in place for the project with a contract price that is higher than a typical standalone solar run of plant contract and lower than a standalone fixed block contract.</p> <p>If this were the case, the appropriate floor and ceiling prices bid may need to be higher than a typical solar project which may impact the merit of the bid under MC5.</p> <p>Is it possible to exclude the contracted run of plant volume and revenue from all calculations, and only have the CISA apply to uncontracted solar spot market revenues? In effect guaranteeing a minimum level of uncontracted solar revenue only.</p>	<p>As outlined in the MC5 Market Briefing Note, the financial value of a bid considers the Wholesale Market Benefits, the Net CISA Cost and the Contribution to Reliability. Section 6 outlines the specific considerations for Assessed Hybrid Projects including that:</p> <ul style="list-style-type: none"> <li>-The Benefits components will be assessed by considering the time-shifted dispatch of the Associated Project</li> <li>-The Net CISA Cost component considers the dispatch and DWAP of the generation project only.</li> <li>- An Assessed Hybrid may be able to provide greater system reliability and other system benefits.</li> </ul> <p>Proponents should also review the relevant Eligible Wholesale Contract clauses in the proforma CISA to understand how they may apply to existing or potential offtake agreements.</p>

Q&A Release 2		Distributed 11/09/2024	
#	Category	Question	Answer
10	Other	In the Additional Information section, Proponents are asked to detail the specific funding sources for the Project. Can AEMO provide further guidance on what evidence of a debt and equity funding pathway would help in the evaluation of the credibility of bids?	<p>As outlined in the Financial Value Bid form, Proponents are required to provide a corporate structure that includes:</p> <ul style="list-style-type: none"> <li>• The ownership percentage of each company or entity (if any) that owns the Proponent;</li> <li>• The specific funding sources and dollars (\$AUD) amounts that will be utilised in respect of the Project; and</li> <li>• Evidence of funding commitments for the Project.</li> </ul> <p><b>Proponents should note that this information is only required to be provided if it was not provided previously as part of the Project Bid submission or information has since changed.</b> Section 3.2.1 (Merit Criterion 2) of the Tender Guidelines provides examples of evidence that can be provided with respect to debt and equity funding. These include (but are not limited to):</p> <ul style="list-style-type: none"> <li>• Evidence of financing progress (e.g., approved development funding, approved early construction budget).</li> <li>• Evidence of engagement with debt/equity financiers, firm financial commitments/contracts, security provided or proposed to be provided to a lender in respect of financing the Project.</li> <li>• For Projects seeking NSW REZ access rights, the Proponent's readiness to fund access right bonding.</li> </ul>

11 Other	<p>In the Additional Information section, the Real Property Returnable schedule requests that Proponents complete the schedule with respect to each individual land parcel.</p> <p>For larger Projects that span significant landholding this can be a very onerous exercise.</p> <p>Could the following please be clarified:</p> <ol style="list-style-type: none"> <li>1. What is AEMO seeking to understand/address in the Real Property Returnable Schedule with respect to individual lots?</li> <li>2. Can the Real Property Returnable Schedule be categorised by landowner instead of by lot?</li> <li>3. Are complete and executed copies of land access agreements required or can extracts be provided?</li> </ol>	<p>As outlined in Section 2.4 of the Tender Guidelines, due diligence may be undertaken on Project or Financial Value Bids at any time.</p> <ol style="list-style-type: none"> <li>1. In MC2, Proponents provide information outlining the status of the land tenure rights for the Project site. The Real Property Returnable Schedule is used to undertake due diligence on the land tenure of the Project site and confirm that Proponents land tenure rights are consistent with information provided in their MC2 response and are satisfactory to undertake the Project as contemplated in the Proponent’s Proposal. The information sought includes: <ol style="list-style-type: none"> <li>A) identifying any key tenure risks associated with any of the titles (including that the Project has appropriate tenure or a pathway for tenure and whether the Project property has any registrations of concern on title that would be inconsistent with the tenure proposed for the Project),</li> <li>B) identifying any native title or cultural heritage issues with the Project</li> </ol> </li> <li>2. Ideally each row in the Real Property Returnable Schedule should refer to a separate title. It would be acceptable for the Proponent to group titles together where a land access arrangement is with a single landowner (e.g. lease or option deed) and refers to more than one title, provided that the Proponent is able to: <ol style="list-style-type: none"> <li>A) identify which specific parcels it requires access to the whole or part of,</li> <li>B) advise whether the Proponent is aware of any native title claims and, if so, which parcels are subject to native title claims in accordance with the Real Property returnable Schedule, and</li> <li>C) advise whether the Proponent requires FIRB approval and, if so, in respect of the acquisition of which parcels in accordance with the Real Property returnable Schedule.</li> </ol> </li> <li>3. AEMO requires copies of the fully executed and dated land access agreements (and any variations of those agreements). Redacted versions, drafts or extracts of these land access arrangements are not sufficient.</li> </ol> <p>Proponents are required to provide complete and executed copies of the land access agreements.</p>
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Q&A Release 2		Distributed 11/09/2024	
#	Category	Question	Answer
12	MC6	Could you please confirm if proponents will need to execute the signature blocks for the clean copies of the project documents?	Proponents are not required to execute the Project Documents when submitting their Financial Value Bids. However, Proponents should mark-up the execution block in line with the “Preparing the Project Documents for signing” section of the Guide to completing the Project Documents to ensure that the “Ready for Acceptance Project Document” includes the appropriate execution block for the Proponent.
13	Other	Under Additional Information, the ‘breakdown of expected project CAPEX’ requests that Proponents include decommissioning allowance. Should decommissioning be included in CAPEX or OPEX?  Can AEMO provide any guidance on reasonable allowances for decommissioning?	Proponents can include decommissioning allowance in either CAPEX or OPEX calculations but should provide breakdowns that clearly differentiate the major cost items.  Proponents are responsible for estimating all their project costs, including decommissioning.
14	MC5	In Table 3 of the MC5 Returnable Schedule, is an input for ‘Maximum capacity of DC inverter’ required from all Assessed Hybrid Projects with ‘DC-coupled’ selected as the ‘Intended coupling type’?	As noted in the dialogue box within the returnable schedule, only DC-coupled Solar PV Assessed Hybrid Projects with <b>an additional generation source</b> are required to provide an input for the ‘Maximum capacity of DC inverter’.  For a single DC-coupled Solar PV and BESS Project it is not a required input.  A Proponent may provide this input at its discretion and provide additional commentary in the bid form responses if relevant.

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15	MC5	<p>We note that the MC5 Returnable Schedule in the NSW Tender Round 5 for NSW SW REZ Access Rights has additional tables for storage traces and generation traces after connection point limits are applied. These tables are not present in the MC5 Returnable Schedule for CIS Tender 1. Could you please clarify the approach to providing generation traces for an Assessed Hybrid Project?</p>	<p>Information requested between NSW Tender Round 5 and CIS Tender 1 may vary due to the different products on offer.</p> <p>Table 8 of the MC5 Returnable Schedule asks for generation availability traces for each generation source before the application of connection point limits.</p> <p>Storage traces and generation traces after the connection point limit are not required to be provided in the CIS Tender 1 MC5 Returnable Schedule.</p>
16	MC5	<p>The following is regarding this Financial Value Bid Form question:            ‘Outline the basis for the capacities of dispatch and load (both in MW) and the effective storage capacity (MWh) indicated in the MC5 Returnable Schedule’.</p> <p>Could you please confirm if this refers to modelling undertaken to determine the size of the Project, technical documents referring to the proposed size/s, and/or a layout diagram showing sufficient space for the proposed MW and MWh capacities?</p>	<p>To respond to this question Proponents should provide context to the Project component charging and/or discharging capacities indicated in the MC5 Returnable Schedule.</p> <p>This may include:</p> <ul style="list-style-type: none"> <li>• the number of wind turbines, solar panels and/or battery cells</li> <li>• the size of each</li> <li>• system configuration</li> <li>• any other information that may be relevant to project capacity</li> </ul> <p>Supporting documentation should be attached in the Financial Value Bid Form and may include documents such as technical agreements, system designs and/or manufacturer specifications.</p>
17	MC5	<p>Could you please clarify the approach to selecting the ‘State jurisdiction’ of the Project in Table 2 of the MC5 Returnable Schedule?</p>	<p>The ‘Bid Product’ on Sheet 1 of the MC5 Returnable Schedule must be selected before selecting the ‘State jurisdiction’.</p> <p>If ‘#N/A’ remains the only available option, please ensure Calculation Options have been set to ‘Automatic’.</p> <p>Further information on this process is detailed in the ‘Guide to completing the MC5 Returnable Schedule’.</p>

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18	MC5	We note Table 8 of the MC5 Returnable Schedule lists the weather reference years of FY2018-19, FY2019-20 and FY2021-22. Could you please confirm FY2020-21 is intentionally missing?	<p>Generation traces are to be provided for FY2018-19, FY2019-20 and FY2021-22.</p> <p>Weather reference years are selected to reduce the risk of basing evaluation on patterns in any individual year. Weather reference years may not follow sequentially as a result.</p>

Q&A Release 1		Distributed 05/09/2024	
#	Category	Question	Answer
01	Other	Will a market briefing be held for Stage B of the tender?	<p>A webinar will not be held for Stage B of the tender. Proponents have been provided with a Financial Value Briefing pack which includes:</p> <ul style="list-style-type: none"> <li>• An overview of the Stage B process and submission requirements;</li> <li>• Market briefing note for the evaluation of MC5;</li> <li>• Guidance on completing the MC5 Returnable Schedule and Project Documents; and</li> <li>• Social Licence market briefing note.</li> </ul> <p>These materials have been developed to support Proponents in preparing and submitting a Financial Value Bid.</p> <p>This online question-and-answer period also operates to ensure fair and equitable access to information. Proponents may submit questions to the Online Portal to seek clarification around the Stage B process.</p>
02	Other	We note the Financial Value Bid Form is due 26 September. Does this include all additional information required in order to submit a Financial Value Bid?	<p>In order to submit a Financial Value Bid, Proponents must submit the Financial Value Bid form which includes all attachments by 5pm on 26 September 2024.</p> <p>All required attachments, including Returnable Schedules and supporting information should be uploaded through the Online Portal via the Financial Value Bid Form. Proponents should refer to page 4 of the Project Shortlist briefing which contains a list of supporting attachments required as part of the Financial Value Bid.</p>

Q&A Release 1		Distributed 05/09/2024	
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03	MC7	Can AEMO Services confirm the location of the MC7 Returnable Schedule?	<p>The MC7 Returnable Schedule can be found and downloaded from the Bid Form in section '5. Merit Criteria 7: First Nations and Social Licence Commitments'.</p> <p>As outlined in the Financial Value Bid Form, Proponents should note that the Project jurisdiction must be selected in section '2. Financial Value Bid Details' before the MC7 Returnable Schedule can be viewed and downloaded.</p>
04	MC5	<p>The degradation profiles in Table 5 of the MC5 Returnable Schedule – which requests we apply a de-rating for the rated power (MW) – caters more to solar projects than wind projects.</p> <p>The degradation profile for a wind project is typically expressed as a % of AEP (MWh) rather than rated power (MW). How should a wind project populate Table 5?</p>	<p>As outlined in the Guide to completing the MC5 Returnable Schedule, 'Table 5 – Degradation' provides space for Proponents to specify a degradation schedule for each project component. Proponents should provide information on any degradation to MW of dispatch capacity for each generation source, and to MWh of energy storage capacity for storage over the expected operational life of the Project. Proponents may repeat the initial capacity value for subsequent rows if the capacity of the generation source is not expected to degrade.</p> <p>A standardised assumption per technology may be applied to annual energy losses for the purposes of assessment.</p>

Q&A Release 1		Distributed 05/09/2024	
#	Category	Question	Answer
05	MC5	<p>The expected operational life of our project is 30 years. We note Table 4 of the MC5 Returnable schedule is required to be populated up to a 20-year time horizon. Can a 30-year time horizon be presented in line with industry standard reporting?</p> <p>If up to 20-years is required, please confirm where we can capture which reference horizon has been used.</p>	<p>As outlined in the MC5 Returnable Schedule, the forecast annual generation in Table 4 may consider up to a 20-year horizon. Where a 20-years horizon is not available, Proponents may use the lesser of 20-years and the next highest time horizon.</p> <p>The forecast annual generation figures provided should be accompanied by supporting documentary evidence provided as attachments in the Financial Value Bid Form. Proponents may also document the reference horizon used in the MC5 section of the Financial Value Bid Form.</p>
06	Other	<p>We note the Additional Information section of the Financial Value Bid form requests audited Financial Statements are provided for the past three years for the Proponent (including any Consortium Members) and parent companies (if parent companies are providing financing or financial support (including without limitation guarantees) for the Project).</p> <p>Does this requirement include the Proponent’s shareholders or is it limited to the parent companies within the Proponent’s corporate group?</p>	<p>Audited Financial Statements are required to verify the financial capacity of the Proponent, its Consortium Members, and parent companies to undertake the Project.</p> <p>As outlined in the Tender Guidelines, a Consortium Member is each of the following entities in their individual capacity:</p> <ul style="list-style-type: none"> <li>• sponsor(s) of the Proponent and/or Bid Entity;</li> <li>• any special purpose vehicle or Bid Entity that is intended to enter into the Project Documents, subject to the Australian Government’s approval; and</li> <li>• any additional entity included in the Proponent subject to the Australian Government’s approval.</li> </ul> <p>In line with this, Proponents are required to provide audited Financial Statements for both the Proponent’s shareholders and the parent companies within the Proponent’s corporate group.</p>

Q&A Release 1		Distributed 05/09/2024	
#	Category	Question	Answer
07	MC6	Is there any flexibility surrounding the application of EC7 for a Proponent that may have ownership changes between submitting a Financial Value Bid and executing a CISA?	<p>EC7 states that ‘The Proponent must propose one Bid Entity, which may be the Proponent and which, at the time of the execution of the CISA, must be a special purpose vehicle which:</p> <ul style="list-style-type: none"> <li>a) itself satisfies Eligibility Criteria 1;</li> <li>b) only carries on the Project and conducts no other business; and</li> <li>c) holds all of the assets, and is entitled to all of the revenue, of the Project.’</li> </ul> <p>Section 4.17 of the Tender Guidelines and Clause 6 (k) of the Process Deed Poll outline the notification requirements for any changes to information contained in any part of a Proponent’s bid.</p>
08	MC5	Can ASL provide any guidance into assumptions made around green product prices for MC5 assessment?	<p>The MC5 modelling is expected to use two green product scenarios, a central and a low. The central scenario is expected to assume a LGC price based on forward curves and a flat price beyond 2030. The low scenario is expected to be around half of the LGC and green product price of the central scenario. Proponents will need to make their own assumptions on the future value of green products when preparing their Financial Value Bid.</p>
09	Other	Can AEMO and the Commonwealth provide an extension to the Financial Value Bid closing date and time?	<p>It is appreciated that Proponents put significant time and effort into preparing and submitting Financial Value Bids.</p> <p>In order to maintain the time frames for the Tender, an extension to the Financial Value Bid closing date and time cannot be provided at this time.</p>

**Acknowledgement of Country**

We acknowledge the Traditional Custodians of Australia and their continuing connection to land and sea, waters, environment and community. We pay our respects to the Traditional Custodians of the lands we live and work on, their culture, and their Elders past and present.

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