



# 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
5	18/09/2024	Fifth Distribution – Q&A as at 18/09/2024
6	20/09/2024	Sixth Distribution – Q&A as at 20/09/2024

## Financial Value Bid Q&amp;A

Q&A Release 6		Distributed 20/09/2024	
#	Category	Question	Answer
30	CISA	<p>Clause 8.1(c)(i) requires the project operator to maximise sent out generation when the floating price is greater than \$0/MWh and clause 8.1(c)(ii) requires the project operator to maximise NOR.</p> <p>There are situations where these two clauses may be in conflict, for example:</p> <ol style="list-style-type: none"> <li>1. Maximising Net Operational Revenue may require sending out less generation in order to bid into FCAS markets; and</li> <li>2. When the spot price falls below zero, the green product price is likely to remain above \$0 and contributes to the NOR.</li> </ol> <p>This appears to mean that under clause 8.1(c)(ii), the project would have to generate regardless of the negative price to maximise NOR, which does not align with the Commonwealth's intention to permit turn down/SOG reduction in times of negative prices which could impact the level of support provided significantly and distort market signals.</p> <p>How are these two clauses intended to work in situations where there is a conflict?</p>	<p>The calculation of Net Operational Revenue is not directly reflective of actual revenue. Maximising Sent Out Generation, and therefore Notional Quantity, also maximises Net Operational Revenue. As such, there should be no conflict between requirements in clauses 8.1(c)(i) and 8.1(c)(ii). It is not the Commonwealth's intention is to create a conflict between such clauses.</p> <p>Should proponents form a different view of the operation of a provision within the CISA and as a result require a departure, a proponent may seek amendments to the proforma CISA. Such amendments are required to be submitted as contract departures through the MC6 returnable schedule.</p> <p>Each contract departure from the proforma CISA will be assessed under the process under Merit Criteria 6 – Commercial departures, in accordance with Section 3.2.2 of the Tender Guidelines.</p> <p>Departures from the proforma Project Documents that materially increase risk or administrative burden to the Australian Government are expected to be assessed as low merit. Projects assessed as low merit against any individual merit criterion may not be further assessed.</p>

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#	Category	Question	Answer
31	MC6	<p>With regards to clause 15.1 (Eligibility Requirements), can the Commonwealth please confirm the intended operation of clause 15.1(b) and (d), specifically relating to 'reasonable commercial terms'?</p> <p>We would like to confirm the expected process for negotiation/renegotiation of contracts on the basis of the Commonwealth view of 'reasonable commercial terms'. Will guidance or a provisional determination of eligibility be available prior to execution of the agreement?</p> <p>We would welcome an indication of what the Commonwealth would see as reasonable commercial terms to assist with understanding the process under this clause.</p> <p>Can the Commonwealth also clarify its position on related company offtake agreements that are on standard commercial terms.</p>	<p>The Commonwealth has included the requirement that Eligible Wholesale Contracts are on 'reasonable commercial terms' to ensure that the contracts which contribute to a Project Operator's Eligible Wholesale Contract Revenue under the CISA accurately reflect market practice, and do not artificially inflate the level of support required to support the Project.</p> <p>This requirement ensures that the level of support which a Project Operator receives is not influenced by contracts that are unreasonably favourable to the Project Operator or are otherwise not in alignment with market conditions at the time ('reasonable commercial terms').</p> <p>The Commonwealth may have regard to the specific nature of the Project in making an assessment under clause 15.1(b) and reserves its right to issue guidance where required under clause 15.1(d). This guidance on the definition of reasonable commercial terms may be provided before or after an Eligible Wholesale Contract is entered into.</p>

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32	MC6	In relation to the CISA, could the Commonwealth please confirm what it expects will be covered by sub-clauses 23.1(b)(i)(C) and 23.4(b)(iii) (i.e. no interest that conflicts in a material way with the interests of the Commonwealth), in particular what it is intended to cover outside of the national interest requirement in subclauses 23.1(b)(iii)(C) and 23.4(b)(iv)(C) respectively?	<p>The references in sub-clauses 23.1(b)(i)(C) and 23.4(b)(iii) in relation to assignment and Change in Control are designed to safeguard the interests of the Commonwealth in a broad sense, including with respect to the ability of the Commonwealth to comply with its own legal and policy requirements.</p> <p>The ‘interests’ of the Commonwealth is a broader concept that is not limited to the ‘national interest’. For example, depending on the context, the interests of the Commonwealth may include consideration of social, economic, environmental and policy factors, such that the assignment or Change in Control would align with intention of the CIS in providing revenue certainty.</p> <p>Given the conflict must be ‘material’, this threshold requirement is consistent with the intention of the Commonwealth.</p> <p>Should proponents seek amendments to the proforma CISA, such amendments are required to be submitted as contract departures through the MC6 returnable schedule.</p> <p>Each contract departure from the proforma CISA will be assessed under the process under Merit Criteria 6 – Commercial departures, in accordance with Section 3.2.2 of the Tender Guidelines.</p> <p>Departures from the proforma Project Documents that materially increase risk or administrative burden to the Australian Government are expected to be assessed as low merit. Projects assessed as low merit against any individual merit criterion may not be further assessed.</p>

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33	MC6	In relation to the CISA clause 34 (Relevant Commonwealth Policies and other requirements) and Schedule 6 (Commonwealth Policies and other requirements), as the obligations under the Archives Act are on the Commonwealth, not the Project Operator, the specific obligations pursuant to the Archives Act should be set out in the Agreement for certainty and clarity for the Project Operator. Can the Commonwealth please advise?	<p>The requirements of the Archives Act 1983 (Cth) apply to the Commonwealth as the owner of certain records relating to the Project, which are created or maintained by the Project Operator.</p> <p>The level of detail provided in section 6 of Schedule 6 is consistent with the balance of the sections contained in Schedule 6 and set out in the actual obligations to be assumed by the Project Operator.</p> <p>Should proponents form a different view of the level of detail required in this Schedule 6, and as a result require a departure, a proponent may seek amendments to the proforma CISA. Such amendments are required to be submitted as contract departures through the MC6 returnable schedule.</p> <p>Each contract departure from the proforma CISA will be assessed under the process under Merit Criteria 6 – Commercial departures, in accordance with Section 3.2.2 of the Tender Guidelines.</p> <p>Departures from the proforma Project Documents that materially increase risk or administrative burden to the Australian Government are expected to be assessed as low merit. Projects assessed as low merit against any individual merit criterion may not be further assessed.</p>

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34	MC6	<p>We would like to understand the Commonwealth's intended operation of clause 7.3(c) in order to assess whether a commercial departure is required.</p> <p>As currently drafted, the use of 'may' indicates that grant of such an extension is subject to the discretion of the Commonwealth as opposed to an automatic right of the Project Operator. We would like to understand the Commonwealth's intended position on such provision in order to assessed whether a commercial departure is required.</p>	<p>The outlined description aligns with the Commonwealth's intent; the grant of any such an extension is subject to the discretion of the Commonwealth.</p> <p>Should proponents seek amendments to the proforma CISA, such amendments are required to be submitted as contract departures through the MC6 returnable schedule.</p> <p>Each contract departure from the proforma CISA will be assessed under the process under Merit Criteria 6 – Commercial departures, in accordance with Section 3.2.2 of the Tender Guidelines.</p> <p>Departures from the proforma Project Documents that materially increase risk or administrative burden to the Australian Government are expected to be assessed as low merit. Projects assessed as low merit against any individual merit criterion may not be further assessed.</p>

35 Other

Is ASL/Commonwealth planning to issue a specific CISA for projects that have Access Rights? The current placeholder language at the front of the CISA does not include the required detail for Proponents to fully assess interface risk with the Access Rights documents (draft or the pending provisional PDA contract) which means that it is difficult for Proponents to bid back execution-ready drafting and departures. Due to the status of access rights project documentation, it is impossible to make a decision (by 26 September Bid Date) with certainty on the schedule for the project which has flow on implications for the target and sunset FC and COD dates that are bid into the CISA. We therefore request again that ASL and the Commonwealth grant an extension for the submission date for projects that are subject to a pending Access Rights award.

On the first page of the proforma Generation CISA there are three principles which apply to facilitate the interplay between Access Rights project documentation and the Generation CISA. The Generation CISA will be amended to incorporate such principles prior to execution by the proponent and the Department of Climate Change, Energy, the Environment and Water.

Proponents will be taken to agree to those three principles being incorporated into the Generation CISA in respect of its Project if the Project requires an access right unless such proponent submits a departure. Any such departure will be assessed under the process described within Merit Criteria 6 – Commercial departures, in accordance with Section 3.2.2 of the Tender Guidelines.

To provide flexibility for proponents pending Access Rights award and who accordingly cannot confirm relevant Generation CISA milestone dates on the date of submission of the Financial Value Bid, the Commonwealth will permit the additional fourth principle in red text and highlighted in yellow below.

Proponents pending Access Rights award may amend the Generation CISA in each version submitted as part of the proponent's Financial Value Bid (including the ready for acceptance version) to include the fourth principle highlighted below. Such amendment will not be considered to be a departure and will not be merit assessed.

***Note regarding Projects that require access rights: this publication draft does not provide for Projects that require access rights. If a Project requires an access right, then this agreement will be amended such that:***

- 1. allocation of that access right by a specified sunset date will be a Milestone to this agreement;***
- 2. the Maximum Capacity will be reduced if an access right below the Maximum Capacity is awarded or otherwise granted;***
- 3. termination of the underlying access right will cross-terminate this agreement; and***
- 4. any necessary extensions will be made to the Milestone Dates, the COD Target Date, and/or the COD Sunset Date required solely to ensure alignment with the equivalent***

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			<b><i>milestone dates in the access right project documentation and up to a cap of 6 months from the dates submitted within the Project Bid in Stage A. The adjustment to the Milestone Dates, the COD Target Date and/or the COD Sunset Date (as applicable) will only be permitted to the extent of ensuring alignment i.e., no buffers against the equivalent milestone dates in the access right project documentation will be permitted in the CISA.</i></b>
36	MC7	For First Nations and social licence commitments, can non-NSW Projects provide percentage metric commitments instead of absolute dollar figure commitments, particularly as Proponents may not have yet awarded construction contracts.	<p>Non-NSW Projects should provide real \$AUD (2024) dollar commitments, as outlined in the MC7 Returnable Schedule and Schedule 2 of the CISA. Proponents can provide supporting information on their commitments by detailing underlying metric percentage targets in the description section of the commitment tables.</p> <p>Proponents are reminded that commitments made under MC7 are to be reflected in Schedule 2 of the CISA and become binding upon award.</p>
37	Other	In relation to the Knowledge Sharing Deliverables detailed in the proforma CIS, are bidders expected to commit to only the knowledge sharing deliverables described in the table in item 2 of Schedule 4? Or are bidders expected to propose their own knowledge sharing deliverables in addition to those in the table?	Proponents are welcome to submit additional Knowledge Sharing Deliverables, however, the only Knowledge Sharing Deliverables which proponents are required to comply with are those set out in Schedule 4 of the proforma CISA.



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38	MC6	Are Projects that combine multiple generation sources and storage eligible to bid as an Assessed Hybrid Project? We note the Tender Guidelines state that “Projects that combine multiple generation assets that share a common connection point are not expected to be considered a Hybrid Project”.	<p>As identified, Projects that combine multiple generation assets (e.g., wind and solar) are not expected to be considered a Hybrid Project.</p> <p>Where generation assets are combined with storage, this may be considered an Assessed Hybrid Project Bid if the Proponent has elected to do so.</p> <p>The CISA aims to accommodate multiple types of hybrid configurations and may require amendments and additional obligations to enable novel hybrid configurations which includes but is not limited to specific metering arrangements.</p>
39	MC7	If Proponents have already made First Nations commitments in Stage A MC4 Returnable Schedule, should they be repeated and detailed further in the Stage B MC7 Returnable Schedule?	<p>Proponents should refer to the First Nations and Social Licence Market Briefing Note and section 3.2.2 of the Tender Guidelines which outline the requirements of MC7.</p> <p>Commitments made under MC4 should relate to benefits for local community stakeholders only, but it is noted that these commitments may overlap somewhat with the commitments provided under MC7.</p> <p>Commitments made in the MC4 returnable schedule will become contractually binding under the CISA and should not be duplicated in the MC7 returnable schedule, but reference to these commitments can be made in the Financial Value Bid.</p> <p>If a Proponent has made First Nations commitments in MC4 which they believe should be taken into consideration by AEMO when assessing MC7, then Proponents can make reference to these MC4 commitments in their MC7 returnable schedule and bid form responses and provide all supporting detail and attachments on these commitments.</p>

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40	CISA	Regarding the Ceiling, Floor, Cap, and Minimum Generation tables in the CISA, specifically in relation to Financial Years: what adjustments are made if the project's Commercial Operation Date (COD) is delayed or occurs earlier than expected? For example, if the first Financial Year in the table is 2029 (aligned with the expected COD), but actual COD occurs in 2028, are the Financial Years in the table and associated figures adjusted accordingly	<p>If the Proponent considers that an adjustment mechanism is required in the proforma CISA to accommodate either an earlier COD or a later COD then the Proponent may submit a departure to the CISA to accommodate this.</p> <p>Otherwise, any necessary adjustments after execution of the CISA to the relevant Annual Floor, Annual Ceiling or Annual Payment Cap will be as agreed between the Commonwealth and the Proponent.</p> <p>Should proponents seek amendments to the proforma CISA such amendments are required to be submitted as contract departures through the MC6 returnable schedule.</p> <p>Each contract departure from the proforma CISA will be assessed under the process under Merit Criteria 6 – Commercial departures, in accordance with Section 3.2.2 of the Tender Guidelines.</p> <p>Departures from the proforma Project Documents that materially increase risk or administrative burden to the Australian Government are expected to be assessed as low merit. Projects assessed as low merit against any individual merit criterion may not be further assessed.</p>
41	CISA	Can figures such as caps, ceilings, and dates within the CISA be adjusted during the Due Diligence phase, given that financial model inputs and timelines may change between now and the end of the year.	As outlined in Section 4.22 of the Tender Guidelines, a Proponent may not amend its Bid after it has been submitted, unless invited or permitted to do so by the Australian Government or AEMO.

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42	Due Diligence	<p>Regarding the breakdown of expected project CAPEX and OPEX, requested under Additional Information for Stage C Due Diligence:</p> <ul style="list-style-type: none"> <li>• What level of detail is expected?</li> <li>• Would it be acceptable to provide a percentage-based breakdown of costs, as specific figures are confidential?</li> </ul>	<p>As outlined in Section 2.4 of the Tender Guidelines, one of the purposes of due diligence is to conduct a detailed assessment of Project delivery risks against the Proponent’s corporate and financial capacity and a viability assessment.</p> <p>Proponents should provide CAPEX and OPEX breakdowns showing major cost items in AUD figures, which allows due diligence assessment of the Project viability and delivery risks.</p> <p>As noted in the Financial Value Bid Form, the CAPEX should include equipment supply, install/construct (per project cluster) and network connection.</p> <p>The OPEX should be provided per year over the expected project life and include technical O&amp;M (operation and maintenance), land lease, and, if applicable, annualised network charges.</p>
43	CISA	<p>Can AEMO please provide some clarification around the execution of the CISA – in particular, would you expect to execute the CISA prior to a project receiving a 5.3.4A?</p>	<p>As set out in the proforma Generation CISA “Project Operator obtaining notifications from AEMO under clauses 5.3.4A or 5.3.4B of the NER in respect of the Project” is a milestone.</p> <p>Such milestone may be achieved prior to execution of the Generation CISA but is not required to be achieved prior to execution; it is not a condition precedent to the Generation CISA.</p> <p>The Generation CISA provides that if a Milestone has been achieved before the Signing Date, Project Operator must notify the Commonwealth of that fact within 20 Business Days after the Signing Date.</p>

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44	CISA	<p>Regarding clause 3.1 of the CISA, does the Commonwealth intend to sign the agreements prior to the project receiving a 5.3.4A letter?</p> <p>If so, is the Commonwealth open to a CP for a 5.3.4A letter prior to the provision of the Performance Security?</p> <p>Noting the Project Operator must provide the Performance Security to the Commonwealth within 20 Business Days after the Signing Date or as otherwise agreed in writing between the parties. If the Project Operator does not provide the Performance Security by the date required under paragraph (a), then the Commonwealth may terminate this agreement by written notice to the Project Operator with immediate effect, pursuant to clause 22.3(g) (“Termination by the Commonwealth for default”).</p>	<p>As set out in the proforma Generation CISA “Project Operator obtaining notifications from AEMO under clauses 5.3.4A or 5.3.4B of the NER in respect of the Project” is a milestone.</p> <p>Such milestone may be achieved prior to execution of the Generation CISA but is not required to be achieved prior to execution; it is not a condition precedent to the Generation CISA</p> <p>The Generation CISA provides that if a Milestone has been achieved before the Signing Date, Project Operator must notify the Commonwealth of that fact within 20 Business Days after the Signing Date.</p> <p>Should proponents seek amendments to the proforma CISA such amendments are required to be submitted as contract departures through the MC6 returnable schedule.</p> <p>Each contract departure from the proforma Generation CISA will be assessed under the process under Merit Criteria 6 – Commercial departures, in accordance with Section 3.2.2 of the Tender Guidelines.</p> <p>Departures from the proforma Project Documents that materially increase risk or administrative burden to the Australian Government are expected to be assessed as low merit. Projects assessed as low merit against any individual merit criterion may not be further assessed.</p>

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45	CISA	<p>Section 3.9 of Schedule 1 – the Notional Quantity includes PFME generation. In some situations, this could increase the support provide to the Project and in others would decrease that support. Similarly there may be situations where it decreases the revenue that the Project operator shares with the Commonwealth and where it increases the revenue shared.</p> <p>Is this the intent of the Commonwealth?</p> <p>A situation here curtailment occurs in high price periods, increasing net operational revenue under the CISA without any revenue actually being earned by the Project Operator to support this increased payment obligation increases downside risk for the Project operator.</p> <p>The Commonwealth appears to recognise this to an extent with the provision in 3.11 and 4.6 however for this to trigger less than 50% of the project’s available energy can have been generated.</p>	<p>The outlined description aligns with the Commonwealth’s intended interaction between the Notional Quantity calculation and PFME generation.</p> <p>Should proponents seek amendments to the proforma CISA such amendments are required to be submitted as contract departures through the MC6 returnable schedule.</p> <p>Each contract departure from the proforma CISA will be assessed under the process under Merit Criteria 6 – Commercial departures, in accordance with Section 3.2.2 of the Tender Guidelines.</p> <p>Departures from the proforma Project Documents that materially increase risk or administrative burden to the Australian Government are expected to be assessed as low merit. Projects assessed as low merit against any individual merit criterion may not be further assessed.</p>

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46	CISA	<p>How is the PFME portion of NQ attributed to Eligible Wholesale Contracts?</p> <p>The current drafting of Schedule 1.3.6 defines CNQ as ““that portion of the Notional Quantity for the Trading Interval (calculated in accordance with item 3.9 (“Calculation of Notional Quantity”) which is subject to that Eligible Wholesale Contract.”</p> <p>Typical PPAs are based on sent out generation (i.e. do not include PFMEG). In a scenario where 50% of capacity of a project was contracted via an EWC that considered only SOG, would the calculation of NOR (excluding MLF for simplicity):</p> <ol style="list-style-type: none"> <li>Include 50% of SOG at the EWCP with remaining NQ (50% SOG + PFMEG) deemed to be spot.</li> <li>Include 50% of NQ at the EWCP with the remaining 50% NQ deemed to be spot.</li> <li>Or is something else intended?</li> </ol>	<p>The intended operation of the Generation CISA is that, to the extent an Eligible Wholesale Contract does not include PFME Generation, option (a) in the proponent’s example is applicable. CNQ should be reflective of volume that is subject to an Eligible Wholesale Contract, with the remaining “unallocated” Notional Quantity being UNQ / Uncontracted Spot Market Revenue.</p> <p>Should proponents seek amendments to the proforma CISA such amendments are required to be submitted as contract departures through the MC6 returnable schedule.</p> <p>Each contract departure from the proforma CISA will be assessed under the process under Merit Criteria 6 – Commercial departures, in accordance with Section 3.2.2 of the Tender Guidelines.</p> <p>Departures from the proforma Project Documents that materially increase risk or administrative burden to the Australian Government are expected to be assessed as low merit. Projects assessed as low merit against any individual merit criterion may not be further assessed.</p>
47	Other	<p>In relation to the Returnable Schedule - Real Property Arrangements, can clarification please be provided around what details are required if the answer is 'yes' to freehold land granted pre-December 1996?</p> <p>Can clarification be provided on whether providing the relevant reference to the previous exclusive possession title Act that alienated land from the Crown and which is registered as an estate in fee simple is sufficient information e.g. for South Australia the Real Property Act 1886, along with the title information provided in the schedule. If this is not sufficient, can we please confirm if there is some other way to satisfy the requirement other than providing the full history of the titles to the Crown land title?</p>	<p>Where a Proponent answers ‘yes’ to freehold land granted pre-December 1996, providing reference to previous exclusive possession title Act that alienated land from the Crown and which is registered as an estate in fee simple, along with the title information provided in the schedule, is sufficient.</p>

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48	CISA	<p>For the calculation of Notional Quantity (Schedule 1 - 3.9), can AEMO confirm that for AC-Coupled Assessed Hybrid Projects the following is correct;</p> <ul style="list-style-type: none"> <li>Discount Factor X should be applied to the direct-to-grid generation.</li> <li>Discount Factor X, Y and Z should be applied to all generation that is time-shifted.</li> </ul> <p>Could AEMO confirm why direct-to-grid generation from a hybrid project requires a discount factor and generation-only projects do not need a discount factor?</p>	<p>For an AC-Coupled Assessed Hybrid Project, under section 3.9 of Schedule 1, Discount Factor X applies to the Sent Out Generation directly exported from a Hybrid Project's generation component/s. Discount Factors X, Y and Z are applied to all Sent Out Generation which has been time-shifted using the Associated Project, i.e. directed to the Associated Project rather than to the Network.</p> <p>For a non-Hybrid Project, Sent Out Generation is measured by the meter at the Connection Point. For a Hybrid Project, Sent Out Generation is measured by the sub-meter at the generating facility, not the meter at the Connection Point, to capture only the output of the generating facility.</p> <p>Discount Factor X approximates losses between the sub-meter at the generating facility and the meter at the Connection Point.</p> <p>It is expected that Hybrid Projects will implement a metering solution beyond what a generation-only Project requires. The intention of the Discount Factors is to sufficiently distinguish generated energy that is directly exported to the Network from generated energy that is imported by the Associated Project before exporting to the Network.</p>

Q&A Release 5		Distributed 18/09/2024	
#	Category	Question	Answer
27	MC5	From our understanding, degradation is typically recognised as occurring on the DC capacity of a Solar PV Project as the AC connection does not change, while the energy volume produced reduces. Could you please confirm how degradation should be represented in Table 5 of the MC5 Returnable Schedule?	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 (AC) of dispatch capacity for each generation source 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. A standardised assumption per technology may be applied to annual energy losses for the purposes of assessment.
28	MC5	Will AEMO Services publish a Generation CISA Payment Mechanism for a Hybrid Project?	The payment mechanism calculator demonstrates the calculation of payments under the Generation CISA, subject to the inputs selected, and is provided for illustration purposes only.  AEMO Services does not intend to update the calculator for Hybrid projects.
29	Other	In Stage A our project was submitted as a Non-assessed Hybrid Project Bid but included details in our written responses on plans to add a battery to the site.  Can we update the project to be an Assessed Hybrid Bid for Stage B?	Under section 4.22 of the Tender Guidelines, a Proponent may not amend its Bid after it has been submitted, unless invited or permitted to do so by the Australian Government or AEMO.  Where a Proponent has submitted a Generation or Non-Assessed Hybrid Bid and wishes to submit an Assessed Hybrid Bid in Stage B, a proposal may be put forth for AEMO and the Australian Government's consideration.  AEMO and the Australian Government will determine whether to permit an amendment on a case-by-case basis.



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>

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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	
#	Category	Question	Answer
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**

In the Additional Information section, the Real Property Returnable schedule requests that Proponents complete the schedule with respect to each individual land parcel.

For larger Projects that span significant landholding this can be a very onerous exercise.

Could the following please be clarified:

1. What is AEMO seeking to understand/address in the Real Property Returnable Schedule with respect to individual lots?
2. Can the Real Property Returnable Schedule be categorised by landowner instead of by lot?
3. Are complete and executed copies of land access agreements required or can extracts be provided?

As outlined in Section 2.4 of the Tender Guidelines, due diligence may be undertaken on Project or Financial Value Bids at any time.

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:
  - 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),
  - B) identifying any native title or cultural heritage issues with the Project
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:
  - A) identify which specific parcels it requires access to the whole or part of,
  - 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
  - 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.
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.

Proponents are required to provide complete and executed copies of the land access agreements.

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#	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.



Q&A Release 2		Distributed 11/09/2024	
#	Category	Question	Answer
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>

Q&A Release 2		Distributed 11/09/2024	
#	Category	Question	Answer
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	
#	Category	Question	Answer
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.</p> <p>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>

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#	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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