

# Capacity Investment Scheme Tender 1 – National Electricity Market Generation

## Market Briefing Note Stage A assessment summary

September 2024



# Purpose

This briefing note provides a generalised assessment summary and feedback on the Project Bid stage (Stage A) of the Capacity Investment Scheme (CIS) Tender 1 – National Electricity Market (NEM) Generation (**Tender** or **Tender 1**).

The purpose of this briefing note is to provide feedback to Proponents to encourage participation in future tenders and to assist Proponents to improve bids in future tenders.

This briefing note should be reviewed in conjunction with the relevant documentation related to the Tender, including the Tender Guidelines. The Tender Guidelines prevail in the case of any discrepancies with this briefing note.

# Overview

The CIS is an Australian Government initiative to encourage new investment in renewable capacity, such as wind and solar, and clean dispatchable capacity. The CIS aims to support the delivery of a more reliable, affordable, low-emissions energy system for all Australians.

Tender 1 seeks to deliver 6 GW of renewable capacity across the NEM, including the following targets in NEM jurisdictions:

NEM Jurisdiction	Minimum capacity target (GW)
New South Wales	2.2*
South Australia	0.3
Victoria	1.4
Tasmania	0.3
Unallocated	1.8
<b>Total capacity target</b>	<b>6.0</b>

\* Supported NSW capacity will be capped at 3.7 GW.

Stage A of the Tender received a high level of interest, attracting over 80 Project Bids. The purpose of Project Bid assessment is to select a shortlist of Project Bids (**Project Shortlist**) to progress to Stage B – Financial Value Bid. Proponents and their Project Bids that satisfied the Eligibility Criteria were assessed and scored against the Stage A – Project Bid Merit Criteria<sup>1</sup>. Following the Stage A merit assessment, an overall weighted score was developed for a Project Bid using the weightings in the Tender Guidelines<sup>2</sup> and the Project Shortlist was developed.

<sup>1</sup> As outlined in the CIS Tender Guidelines, Section 2.2.1, Project Bids assessed as low merit against any individual Merit Criterion may not be further assessed.

<sup>2</sup> CIS Tender Guidelines, Section 2.2.1.

# Insights from Stage A assessment

A strong Project Bid in this Tender demonstrated high merit across the Merit Criteria. This includes (but is not limited to) the following:

- Development progress with a clear pathway to achieving COD Target Date and commencing construction / operation.
- Early, meaningful and robust approaches to community and First Nations engagement.
- A connection location and project configuration that minimise impacts on the electricity system and supported the Commonwealth's goal of achieving 82% renewable electricity by 2030.
- Well-articulated responses to the Merit Criteria, supported through evidence.

Proponents were assessed on the information provided within the Project Bid form and supporting documentation. Competitive bids provided comprehensive responses to each Merit Criteria addressing requirements with strong evidence submitted to support assessment. In contrast, less competitive bids lacked comprehensive plans and strategies, failed to communicate them effectively or provided limited or no evidence to support their bid form responses.

## Merit Criterion 1: Contribution to system reliability and system benefits

Under Merit Criterion 1, Projects were evaluated on their impact on the electricity system, including congestion, reliability and the ability to provide essential system services and/or contribute to system strength.

Relative strengths	Relative weaknesses
<ul style="list-style-type: none"> <li>• Projects connecting to infrastructure that were expected to:                             <ul style="list-style-type: none"> <li>○ Have minimal marginal curtailment impacts, achieving high renewable energy penetration;</li> <li>○ Improve system reliability; and</li> <li>○ Contribute to maintaining system security through their technical characteristics.</li> </ul> </li> <li>• Assessed Hybrid Projects generally scored well. In particular, those that had large BESS systems (relative to the size of the connection), tended to score higher in MC1 compared to Generation-only Projects due to their potential to improve system reliability and reduce curtailment.</li> </ul>	<ul style="list-style-type: none"> <li>• Projects connecting to network infrastructure in locations with:                             <ul style="list-style-type: none"> <li>○ High-levels of forecast congestion; or</li> <li>○ Where the energy generation profile has less impact in reducing unserved energy.</li> </ul> </li> <li>• Projects connecting in areas with high marginal curtailment from network constraints and low impact in improving system reliability.</li> </ul>

## Merit Criterion 2 – Project deliverability and timetable

Under Merit Criterion 2, Projects were assessed on their ability to be operational by the COD Target Date, including the likelihood of achieving key milestones, and the mitigation strategies for development and construction risks. Consistent with the Tender Guidelines, Projects with a COD Target Date of 31 December 2028 or earlier may be considered of higher merit.

Relative strengths	Relative weaknesses
<ul style="list-style-type: none"> <li>• Projects that demonstrated progress toward achieving key development milestones such as securing land tenure, grid connection<sup>3</sup>, planning and regulatory approvals, compliance with other applicable regulatory requirements, financing and construction contracting. Evidence provided may have included:                             <ul style="list-style-type: none"> <li>○ planning approval and grid connection documents;</li> <li>○ detailed project development plans and comprehensive risk registers with appropriate mitigants; and</li> <li>○ corporate structure detailing financing arrangements at each level and financing plans.</li> </ul> </li> <li>• Projects with a COD Target of 31 December 2028 or earlier that demonstrated and evidenced a clear pathway to meeting this COD Target Date.                             <ul style="list-style-type: none"> <li>○ For Projects seeking a NSW REZ access right, a demonstrated and evidenced pathway to COD that was consistent with the Project’s target first commissioning date.</li> </ul> </li> <li>• Earlier-stage Projects that provided strong evidence of their development / delivery strategy, plan and schedule to COD, with key risks and mitigations identified.</li> </ul>	<ul style="list-style-type: none"> <li>• Projects that had not achieved key milestones such as securing land tenure and progressing the grid connection process. For example:                             <ul style="list-style-type: none"> <li>○ land required to develop the Project may not have been secured or evidence of tenure not provided.</li> </ul> </li> <li>• Projects that did not provide clear supporting evidence of their pathway to COD, including those that provided a COD Target Date not aligned with the supporting evidence.</li> </ul>

<sup>3</sup> Projects seeking access rights in the South-West or Central West Orana REZ were not required to provide evidence of progress towards obtaining a grid connection.

## Merit Criterion 3 – Organisational capability to deliver the Project

Under Merit Criterion 3, Proponents were evaluated on the organisational capability to deliver the Project, including the capacity of the Proponent and its delivery partners and their track record.

Relative strengths	Relative weaknesses
<ul style="list-style-type: none"> <li>• Proponents and/or delivery partners that demonstrated a track record of successfully delivering comparable projects.</li> <li>• Where Proponents had a limited track record in comparable projects, a demonstrated ability to overcome this by:                             <ul style="list-style-type: none"> <li>○ Leveraging strong international experience and experience on other renewable energy technologies; and/or</li> <li>○ Having secured team members and delivery partners that have strong experience in comparable projects.</li> </ul> </li> <li>• Proponents that provided details on the relevant capabilities and experience of corporate team, project team and delivery partners or advisors.</li> </ul>	<ul style="list-style-type: none"> <li>• Proponents that lacked proven experience or failed to provide details of successful delivery of previous projects, specifically projects that are comparable to the proposed Project.</li> <li>• Proponents that indicated experience but failed to detail their past track records and substantiate the current capability of their team and delivery partners.</li> <li>• Proponents that had not provided evidence of progress towards securing experienced delivery partners.</li> </ul>

## Merit Criterion 4 – First Nations engagement, community engagement and benefit sharing

Under Merit Criterion 4, Proponents were evaluated on their approach to First Nations engagement, community engagement and benefits sharing in regards to the Project.

Proponents were required to present their approach to engagement with First Nations communities and local communities and demonstrate positive approaches to inform, consult, involve, collaborate and empower communities to identify and realise benefits from the Project. Proponents were also evaluated on their benefit sharing commitments.

Relative strengths	Relative weaknesses
<ul style="list-style-type: none"> <li>• Projects that had collaborative ongoing engagement with local First Nations communities and evidence of how feedback had been addressed in the Project’s development. Examples may have included:                             <ul style="list-style-type: none"> <li>○ Adjusting the Project site layout in response to feedback;</li> <li>○ Initiatives such as procuring from local First Nations’ businesses and employing First Nations people to implement cultural heritage work or develop shared benefits programs.</li> </ul> </li> <li>• Projects that provided evidence of early and ongoing engagement with impacted communities and stakeholders including details of engagement outcomes, actions to address feedback, and future engagement plans.</li> <li>• Projects that had shared benefit commitments specifically tailored to the local community. Initiatives may have been developed in response to stakeholder feedback and were well supported with evidence.</li> </ul>	<ul style="list-style-type: none"> <li>• Projects that provided limited details about First Nations and community engagement and/or provided limited evidence and documentation to support their claims.</li> <li>• Projects that lacked detail in relation to feedback from community engagement and how this feedback was going to be incorporated into the project’s development.</li> <li>• Projects that did not substantiate or provided limited evidence of shared benefits commitments.</li> </ul>

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