



Capacity Investment Scheme (CIS) WEM Project Bid Q&A Responses

This document provides a compilation of responses to de-identified questions received from Registered Proponents for CIS WEM. New Q&As 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 Criteria 1 – Project deliverability and timetable; Merit Criteria 2 – Organisational capability to deliver the Project; Merit Criteria 3 – First Nations engagement, community engagement and benefits sharing; Eligibility Criteria; Process Deed Poll and other.

All responses and correspondence by AEMO Services Limited regarding the Q&A Process in CIS WEM are subject to the Tender Conditions set out in Section 4 of the CIS WEM [Tender Guidelines](#).

Important notice: Registered 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 Services Limited 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 Services Limited 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 Registered Proponent's should ensure they perform their own due diligence.

Version Release

Version	Release date	Changes
1	02/08/2024	Release: 2 responses added
2	08/08/2024	Release: 3 responses added
3	14/08/2024	Release: 5 responses added
4	15/08/2024	Release: 1 response added

Project Bid Q&A

Q&A Release 1		Distributed 02/08/2024	
#	Category	Question	Answer
1	Eligibility Criteria	Are Projects with financing secured eligible for this Tender?	<p>There is no Eligibility Criterion specifically about securing finance. Proponents should consider the applicability of all Eligibility Criteria in Section 3.1 of the Tender Guidelines.</p> <p>As part of the merit assessment, progress towards securing financing is assessed in Merit Criterion 1 – Project deliverability and timetable. See Section 3.2.1 of the Tender Guidelines for more information.</p>

Q&A Release 1		Distributed 02/08/2024	
#	Category	Question	Answer
2	Eligibility Criteria	How will projects of less than 4 hours duration be assessed in Tender 2?	<p>Per Section 3.2.2 of the Tender Guidelines, the assessment of financial value will include the Capacity Credits that a Project may be awarded.</p> <p>Amongst other things, the Net Dispatchable CISA cost per capacity credit will be assessed. Bid Variables will impact the forecast Net CISA Cost. It should be noted that the Annual Floor, Annual Ceiling and Annual Payment Cap are to be bid as \$/MW of Capacity Credits.</p> <p>As per the current AEMO Reserve Capacity Mechanism (RCM), Projects with a dispatch duration of between 2 and 4 hours may be eligible to receive Capacity Credits.</p> <p>Capacity Credits are awarded based on the capacity that can be continuously dispatched over the Electric Storage Resource Obligation Duration (ESROD) of 4 hours. For example, a 100MW, 2-hour battery would be able to dispatch 50MW for the ESROD of 4 hours, and could be awarded Capacity Credits of 50MW. An equivalent 100MW, 4-hour battery would be eligible for 100MW of Capacity Credits.</p>

Q&A Release 2		Distributed 08/08/2024	
#	Category	Question	Answer
3	Eligibility Criteria	How are projects with a longer duration (10-12 hours) assessed against projects with shorter duration (<4 hours)?	<p>The MC4 assessment is not designed to favour a particular technology or duration.</p> <p>MC4 assessment will consider the forecast benefits of the Project operating in the WEM, and the forecast cost of its Dispatchable CISA, across a range of future energy market scenarios. Modelling will consider CISA Bid Variables and the technical parameters of each Project including its duration.</p> <p>Storage duration is expected to be considered in MC4 assessment in several ways as it impacts forecast project revenues, wholesale market benefits and ability to receive Capacity Credits under the Reserve Capacity Mechanism.</p> <p>While a longer duration may be beneficial due to these factors, this benefit could be counteracted if a higher duration project has higher relative costs.</p>
4	Other	On the ASL website, is the “CIS Tender 2 – Returnable Schedule – MC4” meant to refer to MC3?	<p>The file “CIS Tender 2 – Returnable Schedule – MC4” was previously mis-labelled and is now correctly titled “CIS Tender 2 – Returnable Schedule – MC3.”</p> <p>The content of the file itself remains identical.</p>

Q&A Release 2		Distributed 08/08/2024	
#	Category	Question	Answer
5	Other	Where can I find the draft CIS Agreement?	<p>Information and documents related to the Capacity Investment Scheme (CIS) Tender 2 – WEM Dispatchable Capacity can be found on the AEMO Services website (CIS Tender 2 - WEM Dispatchable).</p> <p>Please click on ‘Tender Documents’ to find the list of documents (the CIS Agreement for WA is currently listed as the 6th document from the top).</p> <p>Alternatively, the CIS Agreement can be found here.</p>

Q&A Release 3		Distributed 14/08/2024	
#	Category	Question	Answer
6	Eligibility Criteria	<p>In respect to your criteria:</p> <p>The Proponent must propose one Bid Entity, which may be the Proponent, that, at the time of the execution of the Dispatchable CISA, must be a special purpose vehicle that:</p> <ol style="list-style-type: none"> 1. itself satisfies Eligibility Criterion 1; 2. only carries on the Project and conducts no other business; and holds all of the assets, and is entitled to all of the revenue, of the Project. <p>Can you please confirm the scope of this requirement in two respects:</p> <ul style="list-style-type: none"> • What is the definition of “other business”? and • What is the scope of “all of the assets and all of the revenue”? 	<p>In regard to the terms of the Dispatchable CISA, Proponents should refer to the draft Dispatchable CISA which can be found on the AEMO Services website (for detailed instructions please refer to published Q&A Question #5).</p> <p>Clause 8.6 (a)(i) of the draft Dispatchable CISA requires the Project to be a SPV established for the sole purpose of carrying on the Project and the business and activities contemplated by the Dispatchable CISA.</p> <p>Clause 8.6 (a)(ii) of the draft Dispatchable CISA provides that Project Operator must not carry on, or have previously carried on prior to the Signing Date, any other business or activity other than the Project or the business and activities contemplated by or reasonably incidental to the Dispatchable CISA.</p> <p>Clause 8.6 (a)(iii) of the draft Dispatchable CISA requires the Project Operator to own, or otherwise hold in its name, the Project, including all assets, legal rights and Authorisations reasonably required to carry on the Project.</p> <p>Clause 8.6 (b) of the draft Dispatchable CISA outlines Project Operator may enter into a contract or other arrangement (including as part of a Bilateral Contract) with another person for that person to be registered as “Intermediary” (as defined in the WEM Rules) for Project Operator in respect of the Project (“Permitted Intermediary Contract”).</p>

Q&A Release 3		Distributed 14/08/2024	
#	Category	Question	Answer
			Proponents should seek independent legal advice in respect of any contractual interpretation queries they may have.

Q&A Release 3		Distributed 14/08/2024	
#	Category	Question	Answer
7	Eligibility Criteria	<p>In respect to the Eligibility Criterion:</p> <p>"If the Proponent, its Consortium Members and its or their respective Related Bodies Corporate is a 'reporting entity' under the Modern Slavery Act 2018 (Cth), they must have complied with their obligations under that Act, including (if applicable) registering a Modern Slavery statement with the Attorney General's Department."</p> <p>This is the first project in Australia for some of our consortium members. They have submitted their Modern Slavery Statements to the Attorney General's Department and are waiting on the Department to process the registration. They are not yet listed in the online database.</p> <p>Can we say they have successfully "complied with their obligation" by submitting their Statements, or must we wait for a response from the Attorney General's Department? Or can we extend the deadline on this Eligibility Criterion by explaining that our consortium members will be registered soon?</p>	<p>As per Section 3.1 of the Tender Guidelines, each Proponent must provide information as part of its Project Bid which demonstrates that the Proponent and its Project meets all the listed Eligibility Criteria.</p> <p>This includes EC6 which provides that "If the Proponent, its Consortium Members and its or their respective Related Bodies Corporate is a 'reporting entity' under the <i>Modern Slavery Act 2018 (Cth)</i>, they must have complied with their obligations under that Act, including (if applicable) registering a Modern Slavery statement with the Attorney General's Department."</p> <p>The requirement to register a Modern Slavery statement arises only if such requirement is applicable to the relevant Proponent, Consortium Member and its or their respective Related Bodies Corporate pursuant to the <i>Modern Slavery Act 2018 (Cth)</i> at the relevant point in time during the Tender Process. Following submission of a Project Bid, Proponents are required to ensure ongoing compliance with the Eligibility Criteria. Such that if a Proponent was not subject to an obligation under the Modern Slavery Act as at the Project Bid Closing Date and Time and later becomes subject to an obligation, the Proponent must ensure ongoing compliance. Where a Proponent is unsure of its legal obligations, we recommend obtaining independent legal advice.</p>

Q&A Release 3		Distributed 14/08/2024	
#	Category	Question	Answer
			<p>Pursuant to Section 2.4 of the Tender Guidelines, due diligence may be undertaken on Project or Financial Value Bids at any time – activities may include (among other things) in respect of Bids included on the Financial Value Shortlist, due diligence to confirm continuing compliance with the Eligibility Criteria. At the absolute discretion of AEMO, bids that are the subject of adverse due diligence findings may be excluded from further consideration or, in respect of Financial Value Bids that have been included in the Financial Value Shortlist, excluded from selection as a Recommended Bid.</p>
8	Other	<p>Under an intermediary relationship, it is unclear how some costs and revenues attributed to the responsible market participant would be allocated to the facility/project. It is specifically noted that for market participants with multiple facilities, bilateral energy can be supplied flexibly from any controlled facility or purchased from the market.</p> <p>AEMO already has discretion to reject/cancel outages requests. It is not clear what the relevant provisions (cl. 8.9) add to the existing framework, as the parties drivers are substantially similar.</p>	<p>Proponents are able to provide indicative departures to the draft Dispatchable CISA together with the rationale for the indicative departures. The Australian Government and AEMO will consider those indicative departures and publish revised final pro-forma Dispatchable CISA at or prior to the commencement of Stage B – Financial Value Bid. Any indicative departures to the Dispatchable CISA provided in Stage A will not be assessed and will only be used for the purpose of considering amendments from the draft Dispatchable CISA to the final pro-forma Dispatchable CISA.</p> <p>In Stage B, Proponents may propose departures to the Dispatchable CISA which will be assessed in Merit Criterion 5. Please see Section 3.2.2 of the Tender Guidelines.</p>

Q&A Release 3		Distributed 14/08/2024	
#	Category	Question	Answer
9	Other	Will AEMO Services disclose the 'other consultants' as referred to in Section 4.18 of the Tender Guidelines, such that Proponents can ensure compliance with Conflict of Interest requirements?	<p>To support Proponents in ensuring they can comply with Section 4.14 Conflict of Interest of the Tender Guidelines, please see below the list of consultants engaged as of 14 August 2024:</p> <ul style="list-style-type: none"> • Dench McClean Carlson • EY • GHD • King & Wood Mallesons
10	Other	The draft CISA defines a 'hybrid facility' as one with a shared 'connection point', which is in turn defined by reference to ENAC. This is inconsistent with planned changes to the WEM Rules which allow two separate Facilities behind a shared connection point, provided they meet certain conditions and have separate Metering Points. Will the definition of a Facility in the draft CISA be amended to align with the definition of a Facility in the WEM Rules?	<p>Proponents are able to provide indicative departures to the draft Dispatchable CISA together with the rationale for the indicative departures. The Australian Government and AEMO will consider those indicative departures and publish revised final pro-forma Dispatchable CISA at or prior to the commencement of Stage B – Financial Value Bid. Any indicative departures to the Dispatchable CISA provided in Stage A will not be assessed and will only be used for the purpose of considering amendments from the draft Dispatchable CISA to the final pro-forma Dispatchable CISA.</p> <p>In Stage B, Proponents may propose departures to the Dispatchable CISA which will be assessed in Merit Criterion 5. Please see Section 3.2.2 of the Tender Guidelines.</p>

Q&A Release 4		Distributed 15/08/2024	
#	Category	Question	Answer
11	Draft CISA contract	<p>We understand that the Project Operator must be a special purpose vehicle established for the sole purpose of carrying on the Project and the business and activities contemplated by the CISA, but may enter into RBC Intermediary Contracts. We understand that the purpose of the SPV is to ensure the project is operated in a manner that maximises the profit of the project on a standalone basis, and note that the 2.16A.1 of WEM Rules require Market Participants to ensure their market submissions are profit maximising on a Facility basis.</p> <p>Given this, could we clarify that the SPV can have shared services teams with its RBCs, including shared in-house trading and portfolio management functions, provided the proponent can demonstrate that the project is being operated in a manner that maximises the profit of the project on a standalone basis?</p>	<p>In regard to the terms of the Dispatchable CISA, Proponents should refer to the draft Dispatchable CISA which can be found on the AEMO Services website (for detailed instructions please refer to published Q&A Question #5).</p> <p>In particular, Clause 8.6 of the Dispatchable CISA should be considered which provides that the requirement not to carry on any other business applies to the “Project Operator” (being the entity entering into the Dispatchable CISA).</p> <p>Proponents should seek independent legal advice in respect of any contractual interpretation queries they may have.</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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