



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

This document provides a compilation of responses to de-identified questions received from 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 Criterion 4 – Financial Value and Capacity Credits, Merit Criterion 5 – Commercial departures, Merit Criterion 6 – First Nations and Social Licence Commitments, Dispatchable CISA Contract 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: 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 Proponent's should ensure they perform their own due diligence.

Version Release

Version	Release date	Changes
1	04/11/2024	Release: 5 responses added
2	07/11/2024	Release: 4 responses added
3	13/11/2024	Release: 1 response added
4	20/11/2024	Release: 1 response added

Financial Value Bid Q&A

Q&A Release 4		Distributed 20/11/2024	
#	Category	Question	Answer
11	MC4 – Financial value and Capacity Credits	Will the assessment account for the differences in Hybrid Projects and stand-alone batteries, considering Hybrid Projects incur higher capital costs and revenue.	<p>Question 4 of the Q&A document and the MC4 Market Briefing Note provide guidance on how hybrid and standalone projects are expected to be assessed.</p> <p>The assessment is expected to recognise the generation and storage components of the project. The generation component of a Hybrid Project is expected to provide additional benefits in reducing Real-Time Market costs compared with a similar storage-only Project. Whether the additional benefits outweigh any additional Net CISA Costs will depend, amongst other things, on the Dispatchable CISA bid variables (including the Annual Floor, Annual Payment Cap and Annual Ceiling).</p>

Q&A Release 3		Distributed 13/11/2024	
#	Category	Question	Answer
10	MC4 – Financial value and Capacity Credits	<p>For the question:</p> <p>"Describe how the generation traces provided in the MC4 Returnable Schedule were developed and upload any supporting resource assessment report(s)"</p> <p>There were no generation traces asked for in the MC4 Returnable Schedule. Do you mean to refer to Stage A question:</p> <p>"Provide modelled generation traces for the Hybrid Project."</p>	<p>The question is in relation to Hybrid Projects, however we note the MC4 Returnable Schedule did not seek generation trace information.</p> <p>Proponents may provide generation traces and any supporting report(s) for the Hybrid Project as a response to the 'Supporting Document' entry following this question.</p> <p>For this question, Proponents with Hybrid Projects may provide a description on how their generation traces were developed.</p>

Q&A Release 2		Distributed 07/11/2024	
#	Category	Question	Answer
6	Merit Criterion 5 – Commercial departures	How will changes in the ESROD settings be reflected through the Dispatchable CISA?	<p>The Dispatchable CISA allows for the Annual Floor and Annual Ceiling to be adjusted in respect of each Support Year by reference to the Linearly Derating Capacity (as determined in accordance with the WEM Rules) of the Project for that year. Please refer to Schedule 1, Clause 2.2 of the Proforma Dispatchable CISA. The Linearly Derating Capacity for the first Support Year is based on a 4-hour BESS.</p> <p>The Dispatchable CISA includes a Change in Law regime under which adjustments to the Annual Floor, Annual Ceiling and/or Annual Payment Cap may be agreed (or determined by an Expert) if a Relevant Cost Change is incurred by Project Operator as a result of a Change in Law. Please refer to Section 21 of the Proforma Dispatchable CISA for Change in Law.</p> <p>The Change in Law regime also contemplates negotiation of other amendments (beyond adjustments to the Annual Floor, Annual Ceiling and Annual Payment Cap) to the Dispatchable CISA if a Change in Law prevents or materially interferes with the operation of the Dispatchable CISA or any of the transactions contemplated by it.</p> <p>The Proponent should obtain their own independent legal advice.</p>

Q&A Release 2		Distributed 07/11/2024	
#	Category	Question	Answer
7	MC4 – Financial value and Capacity Credits	<p>What are the implications should a Project be awarded a Dispatchable CISA but is not awarded any Capacity Credits, despite participating in the RCM?</p>	<p>It is a condition to achievement of the Commercial Operations Date (COD) that AEMO has assigned Peak Capacity Credits to Project Operator for the Project in respect of a Support Year commencing no later than the COD Sunset Date. See Section 7.1(c) of the Dispatchable CISA.</p> <p>Should a Proponent not satisfy all COD Conditions prior to the COD Sunset Date, the Commonwealth may be entitled to terminate the Dispatchable CISA.</p> <p>The Commonwealth is also entitled to terminate the Dispatchable CISA where no Peak Capacity Credits are assigned by AEMO in accordance with the WEM Rules to the Project in respect of two consecutive Support Years (see Section 22.3(n) (“Peak Capacity Credits”) of the Proforma Dispatchable CISA.</p>
8	MC4 – Financial value and Capacity Credits	<p>Could a Dispatchable CISA be awarded to a Project deemed unable to receive full Capacity Credits in the 2025 RCC?</p> <p>How will the locational impact of Projects bidding into each other on the Dispatchable CISA be impacted?</p>	<p>Dispatchable CISAs will be awarded in line with the tender process outlined in the Tender Guidelines.</p> <p>The CIS Tender 2 NAQ assessment in MC4 will give higher merit to Projects assessed as having a higher likelihood of obtaining a high proportion of Capacity Credits relative to their Peak Certified Reserve Capacity. It will consider the impact of other Projects that have bid into this stage of the Tender.</p> <p>While ASL conducts an assessment on the ability of a Project to receive Capacity Credits under the RCM, this does not guarantee the assigning of Capacity Credits. The assessment of a Project’s ability to, or the likelihood that a Project will or may,</p>

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			<p>be awarded Certified Reserve Capacity or to be assigned Capacity Credits under the RCM for any capacity year for the purpose of the Tender 2 Process (Assessment) is not an express or implied representation or commitment as to assessment outcomes or any other activity undertaken by AEMO for the purpose of the RCM.</p> <p>The RCM process is conducted as stipulated under Section 4 of the WEM Rules. For more information, please refer to Section 3.2.2 – Stage B – Financial Value Merit Criteria of the Tender Guidelines.</p> <p>Therefore, a Dispatchable CISA may be awarded to a Project that is assessed as being unlikely to receive a full allocation of Capacity Credits in the 2025 RCC.</p> <p>Should a Project receive fewer Capacity Credits than its Peak Certified Reserve Capacity, the Annual Floor and Annual Ceiling (in absolute dollar terms per annum) will adjust accordingly, as both the Annual Floor and Annual Ceiling are required to be bid as a \$/MW for each Capacity Credit assigned by AEMO to the Project for the relevant Support Year. For more information on the adjustment, please refer to the Proforma Dispatchable CISA.</p>

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9	MC4 – Financial value and Capacity Credits	If a 200MW Project receives a Dispatchable CISA but is only offered 100MW of Capacity Credits, will the Proponent still be required to build a 200MW Project?	<p>The Dispatchable CISA is awarded based on the parameters Proponents have submitted as part of assessment, which include Import Capacity, Export Capacity and Storage Capacity (if applicable) (see Reference Details 2-4). The 'Project' is defined by reference to import, export and energy storage capacity being between 95% and 105% of the specified Import, Export and Storage Capacity, and it is a COD Condition that each of those are achieved (see Section 7.1(a) of the Dispatchable CISA). If the COD Conditions are not achieved by the COD Sunset Date, the Commonwealth may be entitled to terminate the Dispatchable CISA.</p> <p>Where a Proponent is unsure of its legal obligations, we recommend obtaining independent legal advice.</p>

Q&A Release 1		Distributed 04/11/2024	
#	Category	Question	Answer
1	Other	Will ASL share the strengths and weaknesses of Project Bids in Stage A?	We will provide a public CIS WEM T2 Market Briefing covering the Stage A outcomes. This document will outline summarised and de-identified strengths and weaknesses of Stage A Bids.
2	Dispatchable CISA	Are there any material changes to the Dispatchable CISA?	<p>The Proforma Dispatchable CISA (updated from draft Dispatchable CISA) is now available on the ASL website. This update has been made considering the feedback received by Proponents in Stage A.</p> <p>Proponents can identify material changes to the Dispatchable CISA in this compare version between the draft and Proforma Dispatchable CISA.</p>
3	Other	How long will the Financial Value Bid Form be open for?	The Financial Value Bid Form has been available on SmartyGrants since 9am AWST / 12pm AEDT on 28 October 2024, and will close at 5pm AWST / 8pm AEDT on 2 December 2024.
4	Dispatchable CISA	How are hybrid and standalone projects assessed differently?	<p>Proponents should refer to MC4 Market Briefing Note which provides guidance in regards to how hybrid and standalone projects are assessed.</p> <p>Proponents can provide the relevant parameters for Hybrid Projects in the MC4 Returnable Schedule.</p>

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5	MC4 – Financial value and Capacity Credits	How does ASL decide whether to award a Dispatchable CISA to the Default or Alternative Financial Value Bid?	<p>As detailed in the MC4 Market Briefing Note, AEMO Services will assess both the Default or Alternative Financial Value Bid.</p> <p>Between the Default or Alternative Financial Value Bid, all else being equal; a lower Annual Floor and Annual Payment Cap will be assessed as more competitive under MC4.</p> <p>AEMO Services will select the Bid of higher merit in accordance with the Tender Guidelines. Projects submitting both a Default and Alternative Financial Value Bid must commit to the awarded option.</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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