Australian Government

Department of Climate Change, Energy, the Environment and Water

Capacity Investment Scheme

Market Briefing Note

Guidance on evaluation of Merit Criteria 6 – Financial Value and system benefits

March 2025

Introduction

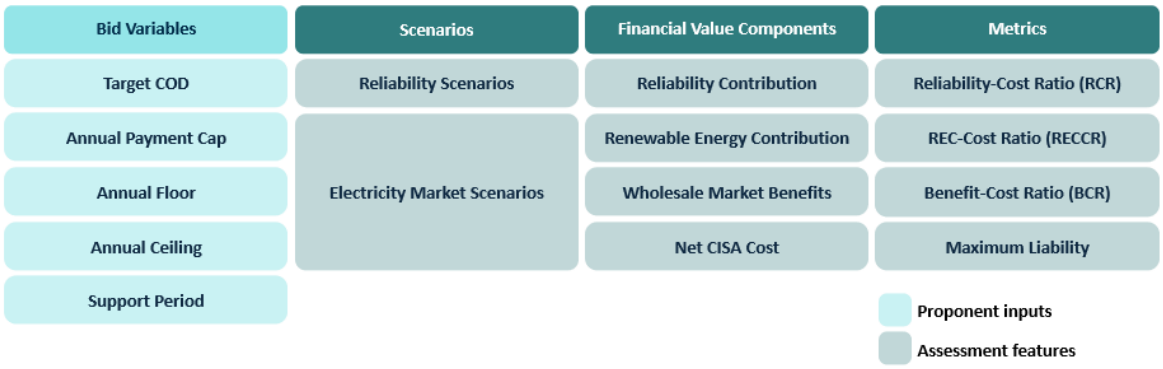
This Market Briefing Note sets out information relating to the evaluation of Merit Criterion (**MC**) 6 – Financial value and system benefits in the Capacity Investment Scheme (**CIS**) Tender 3 – National Electricity Market (**NEM**) Dispatchable Capacity (**CIS NEM Tender 3**).

What you need to know when preparing your Financial Value Bid

MC6 evaluates financial value and system benefits during the Financial Value Bid stage, using a range of benefits and cost metrics. For a Financial Value Bid, it considers forecasts of the Project Benefits and the Net CISA Cost to the Australian Government under the CISA.

Figure 1 lists the key Bid Variables, Scenarios, Financial Value (**FV**) Components and Metrics which are expected to influence the MC6 assessment. Bid Variables are inputs set by the Proponent for their CISA, and influence assessment. Modelling considers the potential operation of the Project and CISA across scenarios to develop FV Components, which serve as interim calculations underpinning the Metrics used for scoring.

Figure 1: MC6 Assessment Approach



To be considered higher merit in MC6, a Project is expected to be assessed as being likely to have high Project Benefits, including in relation to Reliability Contribution, Renewable Energy Contribution, and Wholesale Market Benefits, along with a competitively low Net CISA Cost (collectively, the Financial Value Components), as outlined in Section 4.0.

Proponents must submit details of their Project and their nominated Bid Variables in the MC6 Returnable Schedule for assessment, including the Annual Payment Cap, Annual Floor, Annual Ceiling, Target Commercial Operations Date, and Final Support End Date.

Bidding in Stage B should focus on providing a competitive set of Bid Variables to achieve the lowest Net CISA Cost to the Australian Government, as outlined in Section 5.0. Project parameters established and committed to in Stage A (e.g. maximum capacity, Project location, technology type) may drive some of the Project's Financial Value Components but cannot be changed in Stage B.

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The description of financial value and system benefits in this Market Briefing Note is not an exhaustive or comprehensive summary of the evaluation process. AEMO retains discretion to score and assess Bids and make recommendations pursuant to the Tender Guidelines.

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Capitalised terms in this document have the meaning given in the Tender Guidelines, Dispatchable CISA or in Appendix 1 to this Market Briefing Note. In the case of any conflict between the Tender Guidelines and this Market Briefing Note, the Tender Guidelines take precedence.

1.0 Purpose of this document

This Market Briefing Note is prepared to provide information to Proponents in the CIS NEM Tender 3 about how Projects may be assessed against MC6 – Financial value and system benefits. It provides an overview of factors that are expected to impact the MC6 assessment of Projects; namely, the key Metrics and their underpinning Financial Value Components.

In this Market Briefing Note:

- Section 2.0 summarises the relevant MCs across each stage of tender assessment.
- Section 3.0 provides an overview of the MC6 assessment approach.
- Section 4.0 details each of the Financial Value Components.
- Section 5.0 outlines the characteristics of a competitive Financial Value Bid.
- Section 6.0 outlines the evaluation approach for Hybrid Projects.

By sharing this information, AEMO intends to help Proponents prepare competitive Financial Value Bids for CIS NEM Tender 3.

2.0 Tender Guidelines

This Market Briefing Note has been drafted in accordance with the Tender Guidelines, however, in the event of any discrepancies, the Tender Guidelines will take precedent. AEMO intends to assess Bids against nine Merit Criteria under a two-step process, as summarised below:

Stage A: Project Bid Merit Criteria
Contribution to system reliability and system benefits (MC1), Project deliverability and timetable (MC2), Organisational capability to deliver Project (MC3), First Nations engagement (MC4) and Community engagement (MC5).
▼
Stage B: Financial Value Bid Merit Criteria
Financial Value and system benefits (MC6), Commercial departures (MC7), First Nations Commitments (MC8) and Social Licence Commitments (MC9).

Projects that progress to the Stage B - Financial Value Bid assessment will be assessed against the Financial Value Bid Merit Criteria. Following this assessment, Financial Value Bids will be awarded with an overall weighted score and ranked based on the overall weighted scores. The Financial Value Shortlist will be developed considering this list.

Projects in New South Wales seeking a South-West or Central-West Orana Renewable Energy Zone (**REZ**) Access Right and a Dispatchable CISA should refer to Section 3.3.1 of the Tender Guidelines for information on this process.

3.0 Overview of MC6 for CIS NEM Tender 3

3.1. Objectives

The Policy Objectives for CIS NEM Tender 3 include:

- supporting Projects that can support system reliability;
- supporting the deployment of an indicative target of 4 GW out of 9 GW of clean dispatchable capacity (four-hour equivalent) by 2030 to help deliver the Australian Government's 82% renewable target; and
- putting downward pressure on electricity prices in Australia's rapidly changing energy market.

The MC6 assessment approach is designed to identify Projects that can contribute to meeting the Policy Objectives and provide competitive Bids with low Annual Payment Caps, low Annual Floors, low Annual Ceilings, a shorter Support Period, and fewer Support Years.. Eligible Projects from all NEM jurisdictions, can submit bids for competitive assessment.[1]

[1] CIS NEM Tender 3 invites bids for dispatchable capacity Projects in the NEM with an indicative target of 4 GW of four-hour equivalent dispatchable capacity. For more information, please refer to Market Brief on Renewable Energy Transformation Agreement allocations by jurisdiction.

3.2. Financial Value Components

MC6 is expected to consider Bids across three Project Benefit components and Net CISA Cost. A summary of these components is provided in Table 1 below and described further in Section 4.0 'Financial Value Components'.

All else being equal, Projects that can demonstrate a higher value for Project Benefit components, and a lower value for Net CISA Cost, may be considered higher merit in Stage B. Project parameters, such as a Project's location and storage duration, will be inputs into the model to best reflect the expected operating profile of different technologies and Projects. These Project-specific parameters will therefore affect the Project Benefits components and Net CISA Cost.

Table 1: Components assessed under financial value in MC6

Financial Value Component		Summary
Project Benefits	Reliability Contribution	• Forecasts a Project's potential contribution to reducing modelled unserved energy in the NEM. • This forecast is modelled across different time-horizons in the Reliability Scenarios (Section 3.3.2) using a similar approach to that within AEMO's 2024 Electricity Statement of Opportunities (**ESOO**) and is distinct from the modelling of other components.
	Renewable Energy Contribution	• Forecasts the Project's ability to contribute to the Australian Government's target of 82% renewable electricity by 2030 by displacing fossil fuel-based generation and reducing potential curtailment. • This is modelled using the Central scenario, as indicated in Table 2. Details of these scenarios in Section 3.3.1.
	Wholesale Market Benefits	• Forecasts the wholesale market price impact of each Project on the NEM. • This is modelled across several Electricity Market Scenarios, as indicated in Table 2. Details of these scenarios in Section 3.3.1.
Costs	Net CISA Costs	• The net present value of forecast payments to and from the Australian Government under a CISA. • Considers the Bid Variables of a Project and a forecast of each Project's Net Operational Revenue. • This is modelled across several Electricity Market Scenarios for the given Support Period as indicated in Table 2. Details of these scenarios in Section 3.3.1.

Generally, each Financial Value Component is calculated by measuring the difference in certain values between a counterfactual scenario which excludes the Project being assessed (**Counterfactual Case**) and another scenario where the Project being assessed is added to the model (**Project-Specific Case**). This process is repeated individually for all Projects in the MC6 assessment. For example, the Reliability Contribution of a Project will be measured as the modelled change in unserved energy between the Project-Specific Case and the Counterfactual Case.

3.3. Scenarios

The Financial Value Components are modelled across a set of scenarios to test the robustness of outcomes across a range of potential future market pathways.

Table 2 outlines three forecasting scenarios (**Electricity Market Scenarios**) for Wholesale Market Benefits and Net CISA Cost, with an adapted version of the Central scenario used for the Renewable Energy Contribution. Reliability Contribution is modelled under a similar approach to that of the MC1 assessment, with updated AEMO 2024 ESOO assumptions, and utilises a distinct approach to modelling

for the other Financial Value Components. The modelling also has distinct scenarios reflecting different time-horizons (**Reliability Scenarios**). More detail on the different Scenarios is provided in Section 3.3.1 and 3.3.2.

Table 2: Scenarios and relevant Financial Value Component

Scenarios		Financial Value Component			
		Reliability Contribution	Renewable Energy Contribution	Wholesale Market Benefits	Net CISA Cost
Reliability	Horizons	✓			
Electricity Market	Central		✓	✓	✓
	Low			✓	✓
	High			✓	✓

To be considered higher merit, Financial Value Bids should demonstrate value across a range of future scenarios. Lower value Financial Value Bids may only demonstrate value in one or few Scenarios. Scenario-based outcomes will be weighted. The weighting may consider the importance of each Scenario for evaluation, and the expected probabilities of a scenario occurring.

3.3.1. Electricity Market Scenarios

In the Electricity Market Scenarios, a Central scenario is designed to reflect a view of expected market outcomes and associated wholesale prices, along with two supporting scenarios designed to capture extremely low and high forecasted wholesale prices.

Electricity Market Scenarios may vary across several input assumptions, creating a range of future potential electricity market outcomes. For this MC6 assessment, Electricity Market Scenarios could be variations of the following:

- **Central scenario**: a market-investor view of future energy market outcomes. This could generally align with assumptions from the latest 'Input Assumptions and Scenarios Report' by AEMO or the 'Infrastructure Investment Objectives Report' by AEMO Services. This scenario considers the financial value of Bids on their most-likely Wholesale Market Benefits, Renewable Energy Contribution and Net CISA Cost outcomes.
- **Low scenario**: reflective of a future NEM where many levers coincide to drive lower average wholesale prices, lower intra-day spreads, and lower volatility. This may include lower fuel cost inputs. This scenario aims to consider financial value of Bids in a future where there are relatively lower Wholesale Market Benefits, and relatively higher expected Net CISA costs to the Australian Government.
- **High scenario**: reflective of a future NEM where many levers coincide to drive higher average wholesale prices, higher intraday spreads, and higher volatility. These may include higher fuel costs inputs and higher CAPEX. This Scenario aims to consider financial value of Bids where there are relatively higher Wholesale Market Benefits, and relatively lower expected Net CISA costs to the Australian Government.

Input assumptions for the Scenarios may differ by:

- **Input assumptions on market developments:** future electricity market prices will be affected by market developments including (but not limited to) demand, coal retirements, fuel prices, uptake of distributed energy resources, renewable energy availability and transmission augmentation.

- **Weather reference years:** weather variations impact both renewable generation output and consumer demand. Multiple historical reference years may be used to reduce the risk of basing evaluation on weather patterns of a particular year and their effect on the operation of Projects.

3.3.2. Reliability Scenarios

Projects are also assessed on their ability to reduce unserved energy in a model that generally aligns with assumptions from AEMO's 2024 ESOO for each region across different time horizons. Reliability Scenarios could be designed to reflect different stages of the energy transition. For example, the Reliability Scenarios for MC6 assessment could consider:

- **Short-Term:** with a focus on reducing reliability risks in the near-term, noting the potential for delivery risk in upcoming transmission projects.
- **Medium-Term:** reflects a further progressed scenario where major network limitations are largely resolved, and the system is closer to having 82% renewable energy contribution.

3.4. Metrics

Metrics may be used to translate the Financial Value Components into comparable scores for assessment. The MC6 assessment is intended to result in higher MC6 scores for Financial Value Bids which perform well against the Financial Value Components and the Metrics listed in Table 3 below.

Table 3: Metrics for MC6 assessment

Metric	Unit	Description	Direction of preference
Components			
Reliability Contribution	**Contribution Factor**	Reduction in unserved energy relative to a Counterfactual Case.	Higher value is preferred, all else being equal.
Renewable Energy Contribution	**MWh or Contribution Factor**	Contribution to Renewable Energy in the NEM relative to a Counterfactual Case, reflecting a Project's ability to support increased renewable energy output.	Higher value is preferred, all else being equal.
Wholesale Market Benefits	**$, net present value**	Reduction in NEM market costs relative to a Counterfactual Case, weighted across several Electricity Market Scenarios.	Higher value is preferred, all else being equal.
Net CISA Costs	**$, net present value**	The net present value of forecast payments from the Australian Government under a CISA, weighted across Electricity Market Scenarios.	Lower value is preferred, all else being equal.
Key metrics			
Reliability-Cost Ratio (RCR)	**Contribution/$**	Reliability Contribution per dollar of Scenario-Weighted Net CISA Cost. Considers both the Project's Reliability Contribution and its Scenario-Weighted Net CISA Cost.	Higher value is preferred, all else being equal. Reliability Contribution and RCR are expected to be given a relatively higher weight in assessing MC6.

Metric	Unit	Description	Direction of preference
Renewable Energy Contribution-Cost Ratio (RECCR)	**Contribution/$**	Renewable Energy Contribution per dollar of Scenario-Weighted Net CISA Cost. Considers the Project's Renewable Energy Contribution and its Scenario-Weighted Net CISA Cost.	Higher value is preferred, all else being equal.
Benefit-Cost Ratio (BCR)	**$/$**	Scenario-Weighted Wholesale Market Benefits per dollar of Scenario-Weighted Net CISA Cost. Considers both Scenario-Weighted Wholesale Market Benefits and Scenario-Weighted Net CISA Cost.	Higher value is preferred, all else being equal.
Maximum Liability	**$**	Calculated by assuming the Project is paid the maximum amount of financial support available under the CISA across the Support Period, subject to the Annual Payment Caps applicable to each Support Year withing the Support Period. This assumes the Project earns zero revenue and is not dependent on the scenarios.	Lower value is preferred, all else being equal.

Further Metrics may also be considered, or a combination of the metrics above, where they are developed to assess the benefits, cost and financial risks of Financial Value Bids. These additional metrics may be less aggregated (e.g. per scenario, or scenario-weighted) and may be based on one or several of the Financial Value Components identified.

4.0 Financial Value Components

This section provides further detail of each Financial Value Component, including the intent of each and method of calculation. This section also provides an indication of how the Project's parameters and the Bid Variables in the CISA may affect the Financial Value components.

4.1. Reliability Contribution

A key Policy Objective of the CIS is to support system reliability. Projects will be assessed on their ability to reduce potential unserved energy and therefore reliability risks across the NEM in both the near--term and the medium--to--long term, with CIS NEM Tender 3 having a higher focus on mitigating near--term risks.

The Reliability Contribution for a Project is measured by the difference in modelled unserved energy between the Project-Specific Case and the Counterfactual Case for the Reliability Scenarios.

The Reliability Contribution in MC6 is similar in its modelling approach to that undertaken for MC1, however it includes updated modelling which reflects the latest available assumptions (aligned with the 2024 ESOO).

Impact of Project parameters / Bid Variables
Reliability Contribution is expected to be higher for Projects which: • are located close to load centres; • are unlikely to be as constrained during times of high demand.

4.2. Renewable Energy Contribution

A Policy Objective of CIS NEM Tender 3 is to incentivise the deployment of 9 GW of clean dispatchable capacity (four-hour equivalent) by 2030 to help deliver the Australian Government's 82% renewables target.

In CIS NEM Tender 3, the Renewable Energy Contribution of a Project is based on the difference in the share of renewable energy in the NEM between the Project-Specific Case and Counterfactual Case. Any increase in market-wide renewable energy is attributed as a benefit of the Project.

Impact of Project parameters / Bid Variables
The Renewable Energy Contribution is expected to be higher for Projects that have: • a Project location that minimises the curtailment of other renewable energy projects; • a forecast operating profile that displaces more fossil fuels; and • more energy available to be dispatched during times of need.

4.3. Wholesale Market Benefits

A key Policy Objective is to support Projects that can put downward pressure on electricity prices in Australia's rapidly changing energy market.

Wholesale Market Benefits are measured based on the difference in the cost of meeting NEM-wide demand (load cost) between the Project-Specific Case and Counterfactual Case across all Electricity Market Scenarios, subject to their respective weightings. Any reduction in load cost is attributed as a benefit of the Project. As such, Wholesale Market Benefits are expected to occur where a Project lowers load-weighted prices, for example, by reducing intra-day price spreads and volatility, or by improving supply adequacy and reducing curtailment of low-cost generators.

Impact of Project parameters / Bid Variables
Wholesale Market Benefits are expected to be higher for Projects that can: • commit to an earlier COD as there is greater opportunity in early years for Projects to impact any forecast high prices; • provide greater contribution to the market by locating in network locations that have good access to load centres; • offer more energy to be dispatched during times of need; and • provide more years of benefits through longer asset lives for different technologies.

4.3.1. Calculating Wholesale Market Benefits

Dispatchable Projects are expected to put downward pressure on wholesale electricity prices. Modelling considers the impact of Projects on wholesale electricity prices across the NEM as benefits may be shared between regions. This may be particularly relevant for Projects located near regional interconnectors.

Formulaically, Wholesale Market Benefits may be represented as the following calculation:

$$\Sigma_{s=1}^{n} W_s \times (ALC - ALC')$$

for each Region in the NEM, all scenarios and over the Project's asset life.

Where:

- W_s is the weighting of each modelled scenario;
- *N* is the number of modelled scenarios;
- ALC is the annual load cost in a region and scenario before the addition of the Project being assessed; and
- ALC' is the annual load cost in a region and scenario after the addition of the Project being assessed.

4.4. Net CISA Cost

Competitive Bids are expected to have a lower Net CISA Cost relative to less competitive Projects. Net CISA Costs are a function of the Project's Net Operational Revenue (**NOR**) and the Bid Variables in a CISA. A Project's potential NOR across available markets and scenarios is forecast to inform the calculation of Net CISA Cost.

4.4.1. Forecasting Net Operational Revenue

An Energy Market Model is run for each Project to forecast NOR. This considers the Project's specific parameters and is modelled for each Electricity Market Scenario, and therefore may take on a range of values. For assessment, NOR is forecast as the sum of revenues for the Project from:

- revenue from Potential Energy Arbitrage Revenue (**PEAR**), from buying and selling energy in the electricity spot market; and
- the provision of regulation and contingency Frequency Control Ancillary Services (**FCAS**), as it may form a material component of a Project's NOR over time**.**

4.4.2. Calculation of Net CISA Cost

Formulaically, the calculation of annual Dispatchable CISA cash flows over the Support Period is the net present value of the CISA cashflow for the Financial Value Bid. This may be represented as below (where positive values are a payment to Project Operator):[2]

$$Annual\ CISA\ Cashflows = \begin{cases} ASA, & if\ NOR_{year} < AF \\ 0, & if\ AF \leq NOR_{year} \leq AC \\ -ARS, & if\ NOR_{year} > AC \end{cases}$$

$$ASA = minimum\ (90\% \times (AF - NOR), APC)$$
$$ARS = minimum\ (50\% \times (NOR - AC), APC)$$

Where:[3]

- NOR is Net Operational Revenue.
- ASA is the Annual Support Amount payable by the Australian Government to the Project Operator.

[2] Note the displayed formula is used for annual modelling in the MC6 assessment and may not directly match the calculations contained in the Dispatchable CISA. Please refer to the CIS Agreement for information on support payment calculations.

[3] For more information on terms please refer to the CIS Agreement.

- ARS is the Annual Revenue Sharing Amount payable by the Project Operator to the Australian Government.
- AC is the Annual Ceiling.
- AF is the Annual Floor.
- APC is the Annual Payment Cap.

Impact of Project parameters / Bid Variables
Net CISA Costs and risk to the Australian Government are expected to reduce if the Financial Value Bid has the following features (all else being equal): • A low Annual Payment Cap, low Annual Floor, and low Annual Ceiling. • Fewer Financial Years requiring support, particularly those Financial Value Bids which have an earlier Final Support End Date or exclude periods in which high support payments would otherwise be expected.

5.0 Impact of Project Parameters and Bid Variables

Project parameters and Bid Variables will have varying impacts on the MC6 assessment. This section outlines how these parameters and Bid Variables could impact the MC6 assessment. The flexibility of the CISA is intended to provide Proponents with the ability to develop Financial Value Bids in a targeted way that can best suit their use-cases while also potentially reducing Net CISA Cost to the Australian Government.

Table 4 lists various variables and their possible impact on MC6 assessment.

Table 4: Potential impact of Project parameters and Bid Variables on MC6 assessment

Project parameter or Bid Variable	Key Financial Value Component impacted	Impact, all else being equal
Annual Payment Cap	Net CISA Cost	Lower values can reduce modelled CISA payments for Net CISA Cost and also reduce the Australian Government's maximum exposure to CISA Cost. A lower Annual Payment Cap can make a Project more competitive.
Annual Floor	Net CISA Cost	Lower values put downward pressure on Net CISA Cost and may make a Financial Value Bid more competitive. A lower Annual Floor may lower the expected CISA support payments from the Australian Government to the Project Operator.
Annual Ceiling	Net CISA Cost	A lower value puts downward pressure on Net CISA Cost as it could increase expected CISA revenue sharing in some scenarios. A low Annual Floor and low Annual Payment are expected to have higher impact on the assessment than having a low Annual Ceiling.
Support Period	Net CISA Cost	Competitive Projects may reduce their Net CISA Cost by bidding in a way that the Support Period is shorter, or otherwise that: • excludes Support Years when the Net CISA Cost would otherwise be expected to be high (e.g. when Project revenues are low); and • includes Support Years which may involve revenue sharing (e.g. revenues are high).

Network Connection Point	All Components	A Project is expected to perform well across all Project Benefit components if it connects to a location with low network congestion and low likelihood of having its output constrained in different dispatch scenarios, including during peak demand periods. It may also be better able to earn higher market revenues, therefore lowering Net CISA Cost.
Target Commercial Operation Date	Wholesale Market Benefits, Net CISA Cost	As indicated in the Tender Guidelines, projects with an earlier COD Target Date may be viewed favourably. For instance, if there are fewer storage projects operating in the NEM in earlier years, there may be a greater opportunity to provide Wholesale Market Benefits and earn higher revenues which could lower Net CISA Cost. Lower discounting on earlier years may also increase Wholesale Market Benefits in present value terms but may also coincidentally increase Net CISA Costs.
Storage Capacity	All Components, all being else equal	Increasing the energy storage capacity (MWh) of a Project is expected to increase the Project Benefits and NOR in absolute terms, all else being equal.
Round-trip efficiency	All Components	Technologies that can operate more efficiently may have higher Project Benefits and achieve higher NOR.
Operation Life	Wholesale Market Benefits	Technologies with a longer asset life have a longer period to provide Wholesale Market Benefits.

6.0 Hybrid Projects

Hybrid Projects, as defined in the Tender Guidelines, are eligible to participate in the CIS NEM Tender 3. This section provides a short summary on the evaluation approach of Hybrid Projects in MC6.

Hybrid Projects may participate in either this CIS NEM Tender 3 Process, or alternatively, the CIS NEM Tender 4 Process, but not both simultaneously. A Hybrid Project participating in this CIS NEM Tender 3 Process may only bid for a Dispatchable CISA and will only be assessed on the basis of the dispatchable Project (i.e. not considering any associated generation component). Proponents should refer to the terms in the draft CISA applicable to Hybrid Projects, as outlined in the drafting notes within the CISA.

Appendix 1 – Definitions

Term	Definition
AEMO	Either or both of AEMO Limited and AEMO Services.
Annual Payment Cap	A dollar cap representing the maximum amount of financial support payable by the Australian Government to the Project Operator, or the maximum amount of revenue payable by the Project Operator to the Australian Government, under the draft CISA for each Financial Year during the Term.
Annual Ceiling	A dollar cap representing the maximum Net Operational Revenue of the Project Operator attributable to the Project during a Financial Year, beyond which the Project Operator is required to pay the Annual Revenue Sharing Amount under the draft CISA.
Annual Floor	A dollar cap representing the minimum Net Operational Revenue of the Project Operator attributable to the Project during a Financial Year, below which the Australian Government is required to pay the Annual Support Amount under the draft CISA.

Term	Definition
Annual Revenue Sharing Amount	The amount of revenue of the Project Operator attributable to the Project required to be paid by the Project Operator to the Australian Government during a Support Year under the draft CISA.
Annual Support Amount	The amount of financial support required to be paid by the Australian Government to the Project Operator during a Support Year under the draft CISA.
Access Right	South West or Central West Orana Renewable Energy Zone Access Right.
Asset Life	The operational guarantee life of the Project facility.
Benefit-Cost Ratio	In respect of a Financial Value Bid, the net present value of the Wholesale Market Benefits per dollar of the Net CISA Cost.
Bid	Has the meaning given in the Tender Guidelines.
Bid Variables	The commercial terms contained in the Project Documents that may be altered by the Proponent in either the Default Financial Value Bid or any Alternative Financial Value Bid.
CIS	Capacity Investment Scheme.
CISA or **Dispatchable CISA**	Has the meaning given in the Tender Guidelines.
COD or Commercial Operations Date	The date on which the Project facility achieves Commercial Operation (with conditions outlined in the draft CISA).
Commonwealth	The Australian Government (Commonwealth of Australia) as represented by DCCEEW.
Counterfactual Case	Has the meaning given in Section 3.2 of this Market Briefing Note.
DCCEEW	Department of Climate Change, Energy, the Environment and Water.
Electricity Market Scenario	Has the meaning given in Section 3.3 of this Market Briefing Note.
Electricity Statement of Opportunities or **ESOO**	The National Electricity Market Electricity Statement of Opportunities, published by AEMO under clause 3.13.3A of the NER.
Energy Market Model	An energy market model that is used to forecast each Project's impact on forecast power prices, and the revenue attributable to the Project.
FCAS or **Frequency Control Ancillary Services**	Has the meaning given to the term "market ancillary service" under the NER.
Final Support End Date	The end of the Support Period, as defined in the draft CISA.
Financial Value Bid	The document submitted by a Proponent in relation to a Project, as described in Section 2.3 of the Tender Guidelines comprising one or both, depending on the context, of: (a) a Default Financial Value Bid; and (b) an Alternative Financial Value Bid, including any Returnable Schedules, together with any additional information submitted by the Proponent
Financial Value Components	The components assessed in MC6, including the Project Benefits and the Net CISA Cost.
Financial Value Evaluation Framework (or 'Framework')	Framework to evaluate financial value
Financial Year	Each consecutive 12 month period commencing on 1 July and ending on 30 June.

Term	Definition
Hybrid Project	A co-located dispatchable and generation project including the Project, the Associated Project and the Shared Infrastructure.
Input Assumptions and Scenarios Report	This document relates to the inputs, assumptions and scenarios that AEMO proposes to use in its 2025-26 forecasting and planning activities.
Infrastructure Investment Objectives Report	The Infrastructure Investment Objectives Report providing a Development Pathway for the construction of generation, LDS and firming infrastructure in NSW over the next 20 years to achieve the NSW infrastructure investment objectives.
Maximum Liability	The maximum amount of payments payable under the CISA by the Australian Government to the Project Operator, as modelled under the CISA.
MC6	Merit Criteria 6 – Financial value and system benefits
Metrics	Has the meaning given in Section 3.4 of this Market Briefing Note.
NEM	National Electricity Market.
Net CISA Cost	The net present value of forecast payments to and from the Australian Government under a CISA.
Net Operational Revenue or NOR	Revenue determined on a cashflow basis that can be attributed to the Project facility. Estimated only as the sum of uncontracted merchant revenue for MC6 modelling purposes
PEAR or **Potential Energy Arbitrage Revenue**	Means the revenue of Project Operator attributable to the Project from buying and selling energy in the NEM.
Policy Objectives	Has the meaning given to it in the Tender Guidelines.
Project	A physical dispatchable electricity facility that is built, or intended to be built, in connection with which a Dispatchable CISA is sought in this Tender 3 Process, including any Shared Infrastructure.
Project Benefits	A sub-set of Financial Value Components, including the Renewable Energy Contribution, Wholesale Market Benefits and Reliability Contribution metrics.
Project Operator	The legal entity which is to be the counterparty to the Project Documents which the Australian Government may offer to the Proponent.
Project-Specific Case	Has the meaning given in Section 3.2 of this Market Briefing Note.
Proponent	An entity that registers to participate in the Tender Process, including those entities that submit, or intend to submit, a Project Bid or any Financial Value Bid and also including any shortlisted Proponent and Successful Proponent.
Reliability Contribution	A metric used in the MC6 assessment to measure a Project's forecast potential contribution to reduce modelled unserved energy as existing generators in the NEM are retired.
Reliability-Cost Ratio	In respect of a Financial Value Bid, a metric which is used to represent the potential value or cost of a Project's modelled Reliability Contribution.
Reliability Scenarios	Has the meaning given to it in Section 3.3 of this Market Briefing Note.
Renewable Energy Contribution	A metric used in the MC6 assessment to measure the forecast contribution of a Project to achieving the Policy Objective of 82% renewables target by 2030.
Renewable Energy Contribution-Cost Ratio (RECCR)	In respect of a Financial Value Bid, the Project's Renewable Energy Contribution divided by Scenario-Weighted Net CISA Cost.
Scenario-Weighted	Indicates that the metric uses weighted outcomes from multiple Electricity Market Scenarios.
Stage B	Financial Value Bid assessment, inclusive of MC6-MC9
Support Period	Has the meaning given in the draft CISA.
Support Year	Has the meaning given in the draft CISA.
REZ	Renewable Energy Zone.

Term	Definition
Wholesale Market Benefits	A metric used in the MC6 assessment to forecast any reduction in load cost (i.e. the cost of meeting demand) from the addition of the assessed Project against a counterfactual of load cost without the Project