



Central West Orana Renewable Energy Zone (CWO REZ)

Access Fee Guidelines

April 2024



ACKNOWLEDGEMENT TO COUNTRY

AEMO Services would like to acknowledge the Traditional Owners of country throughout Australia and recognise their continuing connection to land, water and culture.

We pay our respect to their Elders, past and present.



Important notice

The CWO REZ Access Fee Guidelines (**Guideline or Guidelines**) supersede the information contained in the Draft Tender Information – CWO REZ Access Fee Update (**Update**) document published by the Consumer Trustee in September 2023.

These Guidelines are provided to potential generators connecting into CWO REZ (**Proponents**) to assist them in completing their submissions for Access Rights through either EnergyCo's Application Process in 2024, or AEMO Services' Access Rights tenders in the future. Proponents should ensure that they read these Guidelines carefully and in full as it contains important information on the provisional fees payable (**Access Fees**) by CWO REZ Access Right Holders (**ARH**) to the Scheme Financial Vehicle (**SFV**), for connecting into the CWO Access Right Network.

Capitalised terms used in these Guidelines and not otherwise defined in this document take their meaning from the CWO REZ Access Scheme (Amendment) Order 2024 (**Access Scheme Declaration**) under the Electricity Infrastructure Investment Act 2020.

To the extent that these Guidelines may materially differ from the requirements of the Electricity Infrastructure Investment Act 2020 (NSW) (**EII Act**), Electricity Infrastructure Investment Regulation 2021 (NSW) (**EII Regulation**), or Access Scheme Declaration, the Consumer Trustee may, in its discretion, notify Proponents as to the interpretation that will apply in order to resolve such inconsistency.

DISCLAIMER

This document has been prepared by AEMO Services Limited (ABN 59 651 198 364) (**AEMO Services** or **ASL**).

AEMO Services has published these CWO Access Fee Guidelines to outline the expected Access Fee methodology and CWO REZ Access Fee settings for the CWO REZ Access Scheme (**Access Scheme**) declared in the Access Scheme Declaration. It is intended to assist Proponents in understanding the expected Access Fees which will be payable by CWO REZ ARHs (**ARH**) to the SFV. This document is not, and is not indicative of, the final Access Fee Determination of the Consumer Trustee, nor is this document a tender document.

The information in these Guidelines is based on the best available information at this time, and may be subject to change. The Consumer Trustee may revise the Access Fee methodology and settings to ensure that it complies with its statutory obligations. Nothing in this document should be construed as binding the Consumer Trustee or limiting its statutory discretion. The Consumer Trustee reserves the right to revise any aspect of this document in its absolute discretion.

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Where there is a discrepancy between the Guidelines and the Access Right Agreements as defined in this document, the Access Right Agreements will prevail.

All dollar amounts in the Guidelines are in Australian dollars unless otherwise indicated.

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1. Introduction

Access Schemes declared under the EII Act are a key part of the NSW Government’s plan to coordinate renewable energy and storage investment in Renewable Energy Zones (**REZs**) and meet the objectives of the NSW Electricity Infrastructure Roadmap (**Roadmap**).

The CWO REZ Access Scheme was formally declared on 19 December 2022,¹ outlining the electricity network that new generation and storage projects will require rights to connect into (**Access Rights Network**). A holder of an Access Right may apply to connect an approved project (**Project**) to the Access Right Network and send out generation into the network up to its allocated maximum capacity.

AEMO Services, as the NSW Consumer Trustee, will determine the fees payable to the SFV by ARHs in an Access Scheme under section 26 of the EII Act.

The information provided in these Guidelines outlines for the CWO REZ:

- How Access Fees are expected to be structured and set, including the components of the Access Fees;
- How provisional Access Fees are expected to be calculated by the draft Access Fee Calculator; and
- How Access Fees are expected to be determined and adjusted under the Access Fee Determination.

This document is published to support Proponents in their submission for Access Rights for the CWO REZ and is relevant to both the upcoming allocation of the initial tranche of Access Rights administered by EnergyCo² (**Application Process**) as well as future tender processes for Access Rights administered by AEMO Services.

For more information regarding the initial tranche of Access Rights administered by EnergyCo, please visit: [Electricity Infrastructure Roadmap consultations](#).

The table below summarises the key sections of this Guideline.

Table 1: Summary of CWO REZ Access Fee Guidelines

Section	Content
Section 1: Introduction	Outlines the purpose of this document, the roles and responsibilities of Roadmap entities in the Access Scheme, and the contractual structure of the CWO REZ.
Section 2: CWO Access Fee structure	Outlines the Access Fee principles that inform the development of the Access Fee structure, explains the centralised procurement model used for Access Right Network assets, how Access Fees are structured, and important clarifications for the methodology.
Section 3: CWO Access Fee assumptions and calculation	Outlines how the draft Access Fee Calculator is used in the determination of Access Fees, including key inputs and outputs.
Section 4: The Access Fee Determination process & adjustments	Outlines the Access Fee Determination process, and the mechanism through which Access Fees may be adjusted (Variation Events).
Appendix	Provides information on CWO REZ draft Access Fee Calculator Assumptions to help understand the calculation of Access Fees for each Project.

¹ Renewable Energy Zone (Central-West Orana) Access Scheme Order 2022 and Renewable Energy Zone (REZ) (Central-West Orana) Access Scheme (Amendment) Order 2024 under the Electricity Infrastructure Investment Act 2020.

² <https://www.energyco.nsw.gov.au/sites/default/files/2024-01/cwo-rez-access-rights-market-information-notice-jan-2024.pdf>

1.1 Roles and responsibilities of Roadmap Entities in the Access Scheme and setting the Access Fee

The process for allocating Access Rights and determining and enforcing the Access Fee requires input and involvement from a number of Roadmap entities. The roles and responsibilities of each entity is governed by the EII Act, the EII Regulations, and the Access Scheme Declaration. Table 2 below provides a summary breakdown of these roles and responsibilities.

Table 2: Roles and responsibilities of entities in determining Access Fees and allocating Access Rights for CWO REZ

Term	Responsibilities
Infrastructure Planner (IP/EnergyCo)	<p>EnergyCo as the appointed Infrastructure Planner is responsible for:</p> <ul style="list-style-type: none"> • Selecting and appointing the Network Operator, subject to authorisation by the Consumer Trustee • Administering the Access Scheme • Conducting an Application Process to grant the initial tranche of CWO REZ Access Rights (<i>applicable under initial tranche</i>) • To grant an Access Right or approve an increase in the maximum capacity if the Consumer Trustee has recommended the grant or increase (<i>applicable under a competitive tender</i>) • Advising the Consumer Trustee, where required, on future Access Right tender processes • Providing inputs into the Access Fee calculations, including costs and assumptions for the Hub to Project (H2P) and Centralised System Strength (CSS) assets to be recovered through Access Fees • Entering into and enforcing the Access PDA with Proponents • Recommending that the SFV enter into Access Payment Deeds with successful ARHs.
CWO REZ Network Operator (NO)	<p>The Network Operator is responsible for:</p> <ul style="list-style-type: none"> • Procuring and managing the construction of the Access Rights Network, including the H2P and CSS assets • Registering as a Transmission Network Service Provider (TNSP) in respect of the Access Rights Network and entering into the connection agreement with Access Rights Holders • Operating, maintaining, and controlling the Access Rights Network including the H2P and CSS assets over the concession period as a TNSP (once registered).
Consumer Trustee (AEMO Services)	<p>For Access Fees, the Consumer Trustee is responsible for:</p> <ul style="list-style-type: none"> • Determining the Access Fees for successful ARHs <p>For Access Rights, the Consumer Trustee is responsible for:</p> <ul style="list-style-type: none"> • Making rules, in consultation with the Infrastructure Planner, about the conduct of a competitive tender (following the initial tranche) in relation to the granting or increasing of Access Rights • Conducting a competitive tender in accordance with the rules • Making recommendations in the form of a report to the Infrastructure Planner based on the outcomes of future competitive tenders for Access Rights.
Scheme Financial Vehicle (SFV)	<p>The SFV is responsible for:</p> <ul style="list-style-type: none"> • Entering into and enforcing the Access Payment Deed with ARHs • Collecting Access Fees and managing bonding securities, consistent with the terms of the Access Payment Deed.
Australian Energy Regulator (AER)	<p>Under the EII Act, the AER is an appointed regulator under the NSW Electricity Infrastructure Roadmap and is responsible for:</p> <ul style="list-style-type: none"> • Making revenue determinations for any authorised REZ network infrastructure projects that are paid by consumers through the SFV, which informs Access Fee design with respect to recovering relevant costs from ARHs.

1.2 Relevant documents and contractual structure

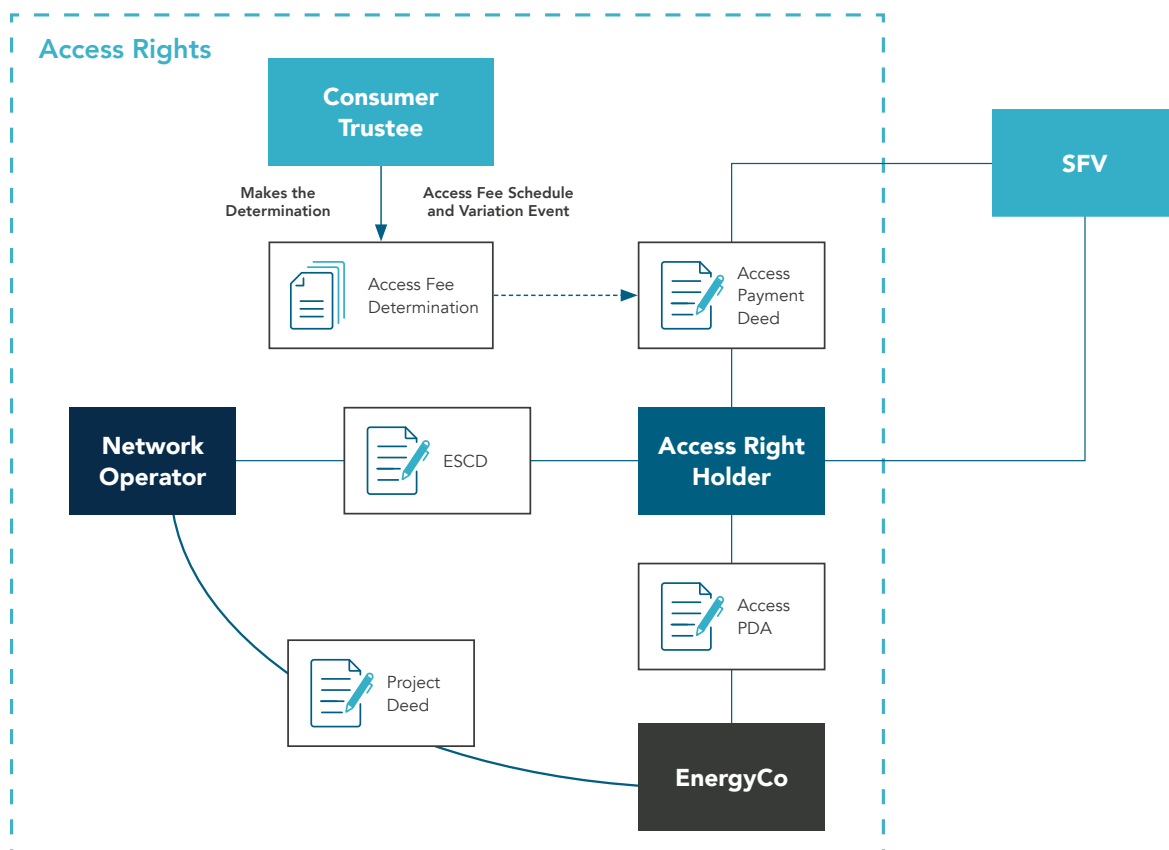
This document should be read in conjunction with the latest version of the documents set out in the table below, where available. The documents relating to Access Fees are the draft Access Fee Calculator, Access Payment Deed, and the Access Fee Determination, which are described within these Guidelines.

Table 3: Relevant documents

Documents and Tools	Description
Access Fee documents	
Draft Access Fee Calculator	Published by AEMO Services, this allows Access Fees to be estimated for individual projects. Project specific cost assumptions are provided by EnergyCo.
Access Payment Deed (APD)	The APD is executed by the ARH and the SFV and sets out the terms for providing securities and paying the Access Fees (as determined under the Access Fee Determination) to the SFV.
Access Fee Determination (AFD)	The AFD is the statutory decision by the Consumer Trustee, and contains the Access Fee Schedule for each Project, which will be reflected in the APD. It also contains mechanisms for adjusting the Access Fees (see section 4).
Other agreements	
Access Project Development Agreement (Access PDA)	The Access PDA is executed by the ARH and EnergyCo and contains obligations relating to the development and operation of a Project, including the technical specification of the Project, development and construction milestones, social license commitments and other terms and conditions of the Access Right.
Energy Supply Connection Deed (ESCD)	The connection agreement executed between the ARH and the Network Operator setting out the terms and conditions of the Project's connection to the Access Rights Network.
Project Deed	The Project Deed between EnergyCo and Network Operator contains the obligations, development and construction milestones for the Access Rights Network.

The diagram in Figure 1 provides an overview of the key Access Right Agreements to support the delivery of the CWO REZ Access Scheme.

Figure 1: Contract structure applicable to CWO Access Rights



2. CWO Access Fee structure

This section explains the principles used by the Consumer Trustee in determining the Access Fee in accordance with section 26 of the EII Act. The EII Act sets a series of considerations and minimum requirements that must be met in the structuring and setting of Access Fees.

2.1 CWO REZ Access Fee principles

In determining the Access Fee, the Consumer Trustee will take into account the principles prescribed by subsection 26-(1) of the EII Act. These are:

- Maximising financial value for NSW electricity customers;
- Recovering the cost of the operation of the Access Scheme;
- Optimal use of the existing and planned network infrastructure in the renewable energy zone; and
- Other principles prescribed by the regulations.

Subsections 26-(2) and (4) of the EII Act mandate that a component of the Access Fee is used for community and employment purposes respectively. The EII Regulations set minimum amounts per megawatt (MW) or proportions to be allocated for community and employment purposes. In setting the employment purpose component for Access Fee the Consumer Trustee must have sought advice from the Employment Purpose Advisory Committee.³

The Consumer Trustee will also take into account other mandatory legal considerations, including the long-term financial interests of NSW electricity customers.

2.2 Centralised procurement of Access Rights Network

EnergyCo has developed a centralised procurement model (**IP-led model**) for network infrastructure between the connection H2P and CSS assets, which will be procured and delivered by the Network Operator for projects connecting into the Access Rights Network.

A key feature of the Access Fee structure for the CWO REZ is that the expected costs to consumers associated with H2P and CSS assets will be recovered from Access Rights Holders, reflecting arrangements elsewhere in the NEM where generators fund their connection assets and system strength solutions (whether themselves or through network service providers).

³ Employment Purpose Advisory Committee under s34W(1)(b) of the *Energy and Utilities Administration Act 1987* (NSW). The CWO Access Fee is expected to include this component to be allocated to support funding of community benefit sharing and employment initiatives in impacted communities in the region, in accordance with the EII Regulation (see Base Fee in section 2.4).

2.3 Delivery of connection infrastructure

The EnergyCo Application Process for the initial allocation of CWO REZ Access Rights will be the only opportunity for Proponents to opt for the central delivery (IP-led model) of H2P assets. Should Proponents be unsuccessful in the initial allocation of CWO REZ Access Rights, H2P network infrastructure may not be included as part of the CWO REZ Access Right in future tender rounds.

Where H2P infrastructure is not included, Proponents will need to finance and procure the delivery of dedicated connection assets (**Generator-led model**). Proponents awarded Access Rights in future tender rounds are not expected to be required to pay the H2P Fee component of Access Fees.

The differences between the two models are shown in the table below:

Table 4: IP and Generator-led model comparison

	IP-led model	Generator-led model
Availability	Only during the process for allocating the initial tranche of CWO REZ Access Rights	Subsequent allocations of CWO REZ Access Rights Application
Land/development approvals for route	EnergyCo	Generator
Design, Procurement, Construction, Financing	Network Operator	Generator (contestable elements), Network Operator (non-contestable elements)
Ownership, operations & maintenance	Network Operator	Generator (contestable elements), Network Operator (non-contestable elements)
Community/social license	EnergyCo	Generator

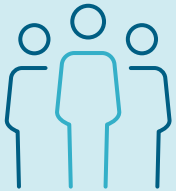
2.4 Structure of Access Fees

Access Fees are expected to consist of three components listed in the table below; a Base Fee paid by generators for holding an Access Right in the REZ, and two fee components designed to recover the estimated cost of H2P and CSS assets in CWO REZ.

The assumptions for these components are listed in detail in the [Appendix](#).⁴ These assumptions are used as inputs to calculate the components of the Access Fees in the draft Access Fee Calculator. While the Consumer Trustee does not expect to make material changes to the structure or methodology of Access Fees after the publication of this document, it retains discretion to do so; if there are material changes to the Access Scheme or new information that necessitate changes to the Access Fee methodology, the Consumer Trustee will act according to the principles outlined in section 2.1 and notify Proponents immediately of any changes.

Table 5: Access fee components

Fee component	Scope of fee	Source of scope and assumptions
Base Fee	Contributes to community benefit sharing initiatives and employment initiatives in the REZ; CWO Access Scheme administration; with residual amounts used to reduce consumer contributions to the costs of CWO REZ.	Determined with consideration given to the value of Access Right to a marginal project
Hub to Project Fee (H2P Fee)	Contribution required to offset the cost of an ARH's H2P infrastructure. The H2P Fee is calculated using project specific costs provided by EnergyCo from the Network Operator.	Provided by EnergyCo
Centralised System Strength Fee (CSS Fee)	Contribution required to offset the cost of CSS infrastructure. The CSS fee is calculated based on costs provided by EnergyCo from the Network Operator.	Provided by EnergyCo



Community and Employment (C&E) initiatives

AEMO Services anticipate that most of the Base Fee will go towards supporting community and employment programs and initiatives: The figures are expected to be \$1,700/MW p.a. for community purposes, and \$600/MW p.a. for employment purposes.

⁴ Assumptions may be subject to change at the discretion of the Consumer Trustee.

Base Fee

The Base Fee will include a component to fund community benefit sharing and employment initiatives in the REZ⁵ (**C&E Fee**), with the remainder used to fund Access Scheme administration and reduce consumer contributions to the costs of CWO REZ (**Non-C&E Fee**). The Base Fee component is a fixed per megawatt per annum fee. The formula for the Base Fee is set out below in Figure 2.

Figure 2: Base Fee for access to CWO REZ

$$\text{Base Fee (\$ p.a.)} = (\text{C\&E Fee (\$/MW)} + \text{Non-C\&E Fee (\$/MW)}) \times \text{Maximum Capacity (MW)} \times \text{Fixed Indexation (\%)}$$

The Base Fee is expected to be calculated using the following assumptions:

- The C&E Fee component is set at a total value of \$2,300/MW per annum
- Fees are indexed at 2.5% per annum.

The C&E Fee component of the Base Fee is a statutory requirement under the EII Act and is payable for the duration of the Access Right.

It is important to note that the Base Fee will be determined by the Consumer Trustee, having regard to a range of statutory considerations, which may include a valuation of the benefits of an Access Right to a marginal REZ project, and it is not intended to recover the total costs of all items listed above.

Fees to recover costs of centrally delivered CSS and H2P assets

The fee components below are intended to offset the costs of the CSS and H2P infrastructure having regard to the technical advice and inputs from the Infrastructure Planner (EnergyCo).

CSS Fee

The CSS Fee relates to the Centralised System Strength infrastructure delivered to meet the requisite system strength demand from generators connecting to the Access Rights Network. This component is expected to be a fixed per megawatt per annum fee. The formula for the CSS Fee is set out below in Figure 3.

Figure 3: CSS Fee calculation

$$\text{Annual CSS Fee (\$ p.a.)} = (\text{Amortisation of CSS Cost (incl. financing)} + (\text{CSS Cost (excl. financing)} \times \text{\% p.a. O\&M and lifecycle charge})) \times \text{Fixed Indexation (\%)}$$

⁵ Refer to EII Act Section 26-(2) and 26-(4). Note that this fee is subject to the discretion of the Consumer Trustee Board.

The CSS Fee is expected to be calculated using the following assumptions:

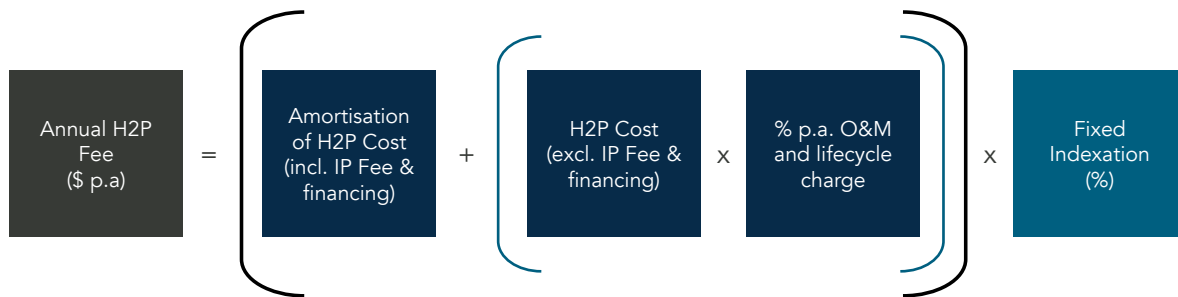
- **Amortisation of CSS Cost:** This component amortises the CSS Cost (including capex and financing costs) associated with the Project, and is calculated according to a Project’s maximum capacity compared to the total CWO REZ capacity of 5.84GW. The CSS asset is amortised to a residual Terminal Value.
- A 10% contingency is added to CSS capex
- There is an O&M and lifecycle component of the CSS Fee, set at 0.26% of the CSS Cost (excluding financing)
- Fees are indexed at 2.5% per annum.

For more information on the cost breakdown and assumptions, see Appendix.

H2P Fee

The H2P Fee relates to the network infrastructure between the connection hub and the ARHs’s Project. The H2P Fee is expected to be calculated based on the costs to be incurred by the Network Operator and the IP for each individual Project, reflecting the specific design of a Project’s H2P infrastructure. The formula for the H2P Fee is set out below in Figure 4.

Figure 4: H2P Fee calculation



The H2P Fee is expected to be calculated using the following assumptions:

- **Amortisation of H2P Cost:** This component amortises the H2P Cost (including financing costs) associated with the Project, including H2P capex provided by the Network Operator (transmission, switching station and preliminaries & overheads) and IP Fees.⁶ The H2P asset is amortised to a residual Terminal Value
- A 10% contingency is added to H2P capex
- Fees are indexed at 2.5% per annum
- The O&M and lifecycle charge contribution is set at 1.10% of the H2P capex (excluding IP Fee & financing).

⁶ Please see [Appendix Table 7](#) for further information.

2.5 Important Clarifications

Multiple Connection Points

Under the CWO REZ Access Scheme, Access Rights are allocated per connection point, and the Access Fee will be determined for each Access Right. This means that where a Project requires more than one connection point it will need to hold an Access Right for each connection point, and this would correlate to multiple Access Fee Determinations for a single Project.

Technology

The Access Scheme does not require load-only assets to obtain Access Rights or pay associated Access Fees.

Access Fees for standalone storage and hybrid projects are determined differently to generation projects to reflect the characteristics of individual storage and hybrid projects.

Standalone storage

Standalone storage projects are not expected to be required to pay the CSS Fee, but will be required to self-remediate any system strength impact under the NER framework and pay the Base Fee and H2P Fee (if there are any associated H2P costs).

Self-remediation

Projects that can demonstrate self-remediation of system strength impact through network or other solutions can provide evidence to the Consumer Trustee during the Application Process or future tender processes for Access Rights, for the Consumer Trustee to consider in its absolute discretion any adjustment to its CSS Fee.

Hybrid projects

Hybrid projects with a storage component behind the connection point would be charged Access Fees based on the maximum capacity of their Access Right. Proponents may bid a maximum capacity for an Access Right for a hybrid project that is less than the maximum generation of their combined storage and generation capacity units.

Goods and Services Tax (GST)

Access Fees specified in the draft Determination do not include GST. The APD currently assumes that GST is payable on the Access Fees. As a result, the draft Access Fee Calculator includes GST for the purpose of demonstrating the full Access Fees payable under the APD for potential ARHs.

Access Fees beyond the current Access Scheme term

The Energy Minister may, following the end of the Access Scheme, declare a new Access Scheme under section 24 of the EII Act over some or all of the Access Rights Network. If a new Access Scheme is declared, new Access Fees may be determined by the Consumer Trustee for its participants. Without limitation, these Access Fees may include components to continue the recovery of the costs of H2P and CSS noting that the economic life of those assets exceeds the term of the current and first Access Scheme.

3. CWO Access Fee assumptions and calculation

This section summarises the expected assumptions and calculation methodology for each component of the CWO REZ Access Fee. **The calculation is a guide only and should not be treated as the final Access Fee Determination of the Consumer Trustee.**



AEMO Services and EnergyCo will provide the relevant cost assumptions, listed in the Appendix, to enable Proponents to estimate their Access Fees prior to submission of an Access Rights application.

3.1 CWO draft Access Fee Calculator and assumptions

The draft Access Fee Calculator is designed to assist Access Rights Proponents to estimate their expected Access Fees. It also provides all stakeholders, including competing Proponents and NSW electricity consumers, with transparency on the inputs used to determine the Access Fees.

AEMO Services as the Consumer Trustee will consider the estimated Access Fees produced by the draft Access Fee Calculator when making its Access Fee Determination. However, in exercising its statutory function under section 26 of the EII Act, the Consumer Trustee will not be constrained by the estimated value produced by the draft Access Fee Calculator. Should the Consumer Trustee's final Access Fee Determination differ from any provisional estimate at the time of the Proponent's bid for Access Rights due to changes in methodology, the Consumer Trustee may notify the Proponent and allow an opportunity for the Proponent to amend its bid in either the EnergyCo Application Process or future AEMO Services tender for Access Rights, to reflect the final Access Fee Determination.

Any adjustments made to Access Fee inputs immediately prior to the Determination stage will not give rise to an opportunity for Proponents to amend their bid or application.

The draft Access Fee Calculator applies the calculation methodology used to estimate a Project's Access Fee and includes prepopulated values of the following inputs:

- **Base Fee and global assumptions**, provided by AEMO Services set out in Appendix Table 6
- **H2P and CSS costs assumptions**, provided by EnergyCo as set out in Appendix Table 7
- **Proponents' Bid Variables**, provided by Proponents as part of their applications or bids for Access Rights as set out in Appendix Table 8.

Using the inputs above, the draft Access Fees Calculator produces the following estimates for Access Fees:

- Real & Nominal Base Fee (Real 2029 AUD\$ million quarterly & annually)
- Real & Nominal CSS Fee (Real 2029 AUD\$ million quarterly & annually)
- Real & Nominal H2P Fee (Real 2029 AUD\$ million quarterly & annually).

Access Fees are expected to be payable quarterly, in advance. The draft Access Fee Calculator is intended to be used for the purpose of assisting Proponents in understanding the Access Fee estimates, and for the Consumer Trustee to consider in determining the final Access Fees for each Project.

Timing of initial Access Fee Payment

The APD contains the terms and conditions for the payment of Access Fees.

4. The Access Fee Determination process & adjustments

This section outlines the process followed by the Consumer Trustee in determining the Access Fee in accordance with section 26 of the EII Act and any subsequent changes to Access Fees.

4.1 Access Fee Determination process

The Access Fee Determination is a statutory decision by the CT under the EII Act and contains the following information:

- Access Fee amounts payable to the SFV and the schedule of payments (**Access Fee Schedule**);
- References to the calculation method (draft Access Fee Calculator) and the source of assumptions;
- Variation Events describing circumstances under which Access Fees can be changed; and
- The variation process describing what information is needed, and how the Access Fees would be recalculated.

A draft Determination is expected to be made following the selection of final Access Rights Holders for each Project; at this time, successful Proponents will be required to enter into an APD with the SFV, and the Access PDA with the Infrastructure Planner. It is anticipated that a final Determination will be made following the execution of these documents.

4.2 Adjustments to Access Fees

After the Determination is made, adjustments to the Access Fee can only occur under the conditions set out in the Determination document (refer to section 4.3 Variation Events). As the setting of Access Fees is a statutory decision, adjustments accounted for in the Determination are limited to circumstances that are currently known at this point in time, where changes can be anticipated, and necessary adjustments made against demonstrable criteria.

The benefit to Proponents is that Projects' exposure to Access Fee changes is limited. However, it is also recognised that there may be events unknown at this point in time or that require more complex assessment of an Access Fee change; the Consumer Trustee may, in its absolute discretion, consider such issues on a case-by-case basis if and when they arise.

The process for adjusting Access Fees in accordance with a Variation Event in a Determination will be reflected in the draft Determination, draft APD and draft Access PDA.

4.3 Variation Events

The Variation Events which may be included in a Determination are described below to provide context for their drafting in the Determination. Inclusion of Variation Events will be at the discretion of the Consumer Trustee.

- **Approved maximum capacity change:** The maximum capacity may change after the Determination. Increases to the maximum capacity (approved by the IP) through the Access PDA are expected to increase the Base Fee and CSS Fee proportionally, but reductions in maximum capacity are expected to only reduce each of the Base Fee and CSS Fees by up to a maximum of 5%.
- **H2P scope change:** If changes to Project Characteristics or Key Project Equipment (as defined in the Access PDA) are requested by the ARH and approved by the IP, the H2P Fee would be adjusted accordingly.
- **H2P capex change:** If realised H2P costs are lower than the assumption used to determine the H2P Fee (e.g. if contingencies do not eventuate), the H2P Fee would be reduced accordingly.
- **H2P asset sharing:** Neighbouring Projects by different Proponents may share H2P assets such as double circuit transmission towers. The starting basis in setting a Proponent's Access Fees is expected to be that the H2P cost associated with their Project is set as if it were the only successful Project (i.e., that the H2P scope and cost reflects only their Project). Where there are neighbouring Projects that are both successful in their application for Access Rights, and both provide bonding, the Consumer Trustee may decide that Access Fees can be reduced. Projects that are expected to share lines are likely to be provided draft Access Fee scenarios for both a sharing outcome and non-sharing outcome for their applications, to help understand the potential impact of sharing on their Access Fees, subject to the final decision of the Consumer Trustee.
- **CSS capex change:** If the final CSS costs are lower than the assumption used to determine the CSS Fee, the CSS Fee would be reduced accordingly.
- **Connection term adjustment:** The connection term, which is the tenor of the ESCD, may change and require re-amortisation of the H2P Fee to ensure that the H2P costs specific to the Project are fully repaid over the revised tenor. The CSS Fee and Base Fee are not proposed to be re-amortised, as they are associated with shared infrastructure that can be utilised by any ARHs.
- **Scheme term extension:** The NSW Government may extend the CWO REZ Access Scheme. This will extend the community and employment component of the Base Fee (C&E Fee) in the Determination if the scheme term extension also extends an ARH's Access Right. The C&E fee is payable while an Access Right is in effect.

5. Appendix⁷

5.1 CWO REZ draft Access Fee Calculator Assumptions

Table 6: Base Fee and global assumptions to be determined by the Consumer Trustee

Access Assumptions Input	Unit	Amount	Used in	Notes
Base Fee assumptions				
Community and Employment Fee (C&E Fee)	Nominal 2029 AUD\$ per MW per annum	\$2,300	Calculating the Base Fee	This fee includes the amounts prescribed in sections 26-(2) and (4) of the EII Act to fund Community and Employment Benefits. ⁸
CWO REZ Admin Fee (Non-C&E Fee)	Nominal 2029 AUD\$ per MW per annum	\$500	Calculating the Base Fee	To cover CWO Access Scheme administration costs incurred by the Infrastructure Planner. Note, the application costs are borne by the NSW Government and are not charged back to ARHs.
Admin Contribution to Shared Network (Non-C&E Fee)	Nominal 2029 AUD\$ per MW per annum	\$1,200	Calculating the Base Fee	Residual amounts retained by the SFV to reduce consumer contributions to the costs of CWO REZ.
Global assumptions				
Fixed Indexation	% per annum	2.50%	Calculating all Access Fee components	Escalates all Access Fees on a quarterly basis. The base date for fixed indexation escalation is anticipated to be 1 January 2029.

⁷ Assumptions may be subject to change at the discretion of the Consumer Trustee.

⁸ The C&E Fee is to be paid for the duration of an Access Right.

Table 7: H2P and CSS cost inputs and assumptions provided by EnergyCo

Access Assumptions Input	Unit	Amount	Used in	Notes
CSS Fee assumptions				
CSS Fee charge	Real 2029 AUD\$ per MW per annum	\$9,017	Calculating the CSS Fee	Provided by EnergyCo, this is based on the cost of synchronous condensers to meet the required capacity and short circuit ratio at the time the REZ is commissioned. The current estimated capex is \$680 million plus financing costs of 18% of capex during construction for a period of 4 years (annualised c. 4% per annum).
CSS - O&M and lifecycle charge	% of capex (excl. financing), paid annually	0.26%	Calculating the CSS Fee	This charge is based on market benchmarks sourced from EnergyCo for the estimated annual operations and maintenance cost.
CSS useful life	Years	40	Calculating the CSS Fee	Based on advice from EnergyCo.
CSS Assumed Cost of Capital	% per annum	7.00%	Calculating the CSS Fee	Assumed financing cost of capital expenditure on CSS assets, provided by EnergyCo.
CSS Assumed contingency	% of total CSS capex	10.00%	Calculating the CSS Fee	The contingency allowance is to account for any cost risk exposures and uncertainties in CSS costs. The Access Fee Determination may allow for a variation to the CSS Fee for any contingencies which do not materialise.
H2P Fee assumptions				
H2P - O&M and lifecycle charge	% of capex (excl. IP fees and financing), paid annually	1.10%	Calculating the H2P Fee	This charge is based on market benchmarks sourced from EnergyCo for the estimated annual operations and maintenance cost.
H2P useful life	Years	50	Amortising the H2P Fee	Based on advice from EnergyCo.
H2P Assumed Cost of Capital	% per annum	7.00%	Calculating the H2P Fee	Assumed financing cost of capital expenditure on H2P assets, provided by EnergyCo.
H2P Assumed contingency	% of total H2P capex	10.00%	Calculating the H2P Fee	The contingency is to account for any cost risk exposures and uncertainties in H2P costs. The Access Fee Determination may allow for a variation to the H2P Fee for any contingencies which do not materialise.
Transmission Costs	Real 2029 AUD\$ million	Project specific	Calculating the H2P Fee	This represents the cost of the transmission line (shared cost applicable to some projects) connecting the Project with the connection hub. Provided by EnergyCo.
Preliminary & Overhead Costs	Real 2029 AUD\$ million	Project specific	Calculating the H2P Fee	This represents the preliminary and overhead costs which include contractor overheads, and time-related costs associated with managing the project, borne by the Network Operator to deliver the H2P assets. Provided by EnergyCo.

Access Assumptions Input	Unit	Amount	Used in	Notes
Switching Station Costs	Real 2029 AUD\$ million	Project specific	Calculating the H2P Fee	This represents the costs borne by the Network Operator to deliver the switching station assets. Provided by EnergyCo.
Infrastructure Planner Fee	Real 2029 AUD\$ million	Project specific	Calculating the H2P Fee	This component includes costs borne by the Infrastructure Planner for land access, easements, biodiversity offsets, Port to REZ infrastructure costs and the administration costs of running the Application Process. Provided by EnergyCo.
General Fee assumptions				
Terminal Value ⁹	Real 2029 AUD\$ million	Project specific	Calculating the Terminal Value of H2P/CSS assets	Provided by EnergyCo, this is the residual value of the H2P and CSS assets, based on a useful life (see values above), and straight line amortisation with 2.5% appreciation per annum. The Terminal Value of H2P/CSS assets will be confirmed at NO Financial Close.
Access Fee Payment Term start date	Date	Confirmed for each Proponent during Access Rights bid	Determining the start date of the Access Fee payment schedule	Payment start date will be confirmed contractually in the APD

Table 8: CWO REZ Proponents’ Bid Variables provided by the Proponent

Project Characteristics Input	Unit	Used in	Notes
Maximum Capacity	MW	Calculating the Base Fee and CSS Fee in the APD	Provided by Proponents. Note that other assumptions such as H2P costs are based on the Project’s maximum capacity known to EnergyCo, and therefore bidding a different maximum capacity to that may necessitate a change to those assumptions.
Payment Term	Years	Calculating all Access Fee components	This is expected to match the Project’s connection term (ESCD tenor).

⁹ The CSS and H2P assets have useful lives that are longer than the provisional concession period of the Access Scheme (expected to be up to 30 years) and the correlating maximum term of the Access Payment Deed. EnergyCo intends to agree a pre-determined terminal value for these assets with the NO based on the concession period. The CWO draft Access Fee Calculator estimates the Access Fee to recover the costs of these assets up to the expected terminal value.

Glossary

APD	CWO REZ Access Payment Deed between an ARH and the SFV
Application Process	The Application Process for CWO REZ Access Rights which is being administered by EnergyCo
Access PDA	CWO REZ Access Project Development Agreement between an ARH and EnergyCo
Access Fee Determination	Sets out Access Fees for each individual Project and how they may be adjusted for certain events
Access Right Agreements	Access PDA and Access Payment Deed
ARH	A person who holds an access right granted under the Access Scheme Declaration
Access Scheme Declaration	Renewable Energy Zone (Central-West Orana) Access Scheme (Amendment) Order 2024 under the EII Act as amended from time to time
AER	Australian Energy Regulator
C&E Fee	The Community and Employment Fee that contributes to community benefit sharing initiatives and employment initiatives in the REZ
COD	Commercial Operation Date as defined in the Access PDA
CSS	Centralised System Strength
Consumer Trustee	AEMO Services has been appointed as the Consumer Trustee under the EII Act
CWO REZ	Central-West Orana Renewable Energy Zone
EII Act	<i>Electricity Infrastructure Investment Act 2020 (NSW)</i>
EII Regulations	<i>Electricity Infrastructure Investment Regulations 2021 (NSW)</i>
EnergyCo	Energy Corporation of NSW
ESCD	The Energy Supply Connection Deed, being an agreement or deed between the NO and an ARH
H2P	Hub to Project Gate
Infrastructure Planner	EnergyCo has been appointed the infrastructure planner for the CWO REZ under s63 of the EII Act
NO	CWO REZ Network Operator
O&M	Operation and Maintenance
Project Characteristics	The project specific features of a CWO REZ Access Right Project, defined in the Access PDA. The Project Characteristics form part of the Bid Variables bid by the Proponents
Project Deed	CWO REZ Project Deed between EnergyCo and the NO
Proponent	Generators seeking to connect into CWO REZ through an Application Process or tender process
REZ	Renewable Energy Zone
REZ Admin Contribution	A Base Fee component paid by ARHs to the SFV to cover the Infrastructure Planner's administration costs for the CWO REZ
REZ Contribution to Shared Network	A residual Base Fee component paid by ARHs that is retained by the SFV to reduce consumer contributions to the costs of CWO REZ
Roadmap	NSW Electricity Infrastructure Roadmap
SFV	Scheme Financial Vehicle
Tender	A tender for Access Rights in the access rights network of the CWO REZ
Terminal Value	The residual value of H2P and CSS assets, based on a useful life of 50 and 40 years respectively
TNSP	Transmission Network Service Provider