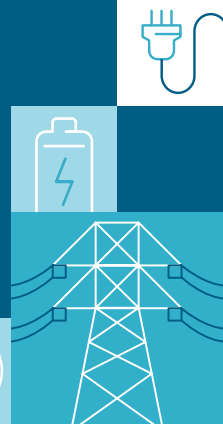


# Market Briefing Note

Competitive tender participants in Central West Orana REZ



This market briefing note is for participants in the NSW Consumer Trustee's Q4 2022 tender seeking an LTESA and/or access rights intending to connect to new REZ network infrastructure or to existing transmission & distribution infrastructure inside the geographical area of the CWO REZ.

## Briefing context



Competitive tenders are open to all eligible generation and long-duration storage projects throughout NSW. This includes projects in CWO REZ.



All projects will be competitively assessed against the same proposed price and non-price merit criteria [published here](#).\*



The tender process will encourage competition with the aim of achieving optimal value for NSW electricity consumers.

## What can participants bid for?

New REZ transmission infrastructure connections



OR



OR

Existing transmission connections†



## REZ declaration timing

REZ	REZ Declaration timing	Access scheme declaration
Central West Orana (CWO)	<u>Declared</u> : 5 November 2021	Expected: September 2022

\* This includes: LTESA only, LTESA + access right and access right only submissions

† Curtailment impacts of projects bidding for LTESAs and proposing to connect to existing infrastructure will be assessed through the tender merit criteria. No additional test will be applied through an access control mechanism.



## Questions and answers

### What is an LTESA and how will it benefit my project?

LTESAs provide ongoing certainty for investors in energy generation projects and lower the cost of capital, reducing risk profile for investors. They are structured as options contracts which offer the right, but not an obligation, for the project to access minimum cash flows over 20 years.

LTESAs are a protection mechanism against low wholesale electricity prices and encourage projects' participation in the National Electricity Market and wholesale contracts markets.

It is expected that increased certainty for investors will also provide long term financial benefits to NSW electricity customers.

The terms and conditions for LTESAs will be different for each type of infrastructure and term sheets can be [viewed here](#).

### What is an access right and how can it support my project?

Access rights are created through an access scheme declaration by the NSW Minister for Energy. The scheme will identify infrastructure in each REZ to which an access rights regime will apply, and projects seeking to connect to that infrastructure will require an access right.

An access right will allow a project to connect to a maximum allocated capacity, and an access scheme provides a framework to set and manage the overall capacity of the network to reduce investor risk whilst maintaining efficient network utilisation.

The CWO REZ access scheme declaration is intended to be published by the NSW Minister for Energy before the first tender in Q4 2022.

Note: More information on access schemes and access rights can be found in the [REZ access rights and scheme design: Central-West Orana paper](#). Stakeholder feedback on the paper is currently under review to aid in the final design of the access scheme.

### What is included in the competitive tender process?

Projects participating in the competitive tender must first meet eligibility criteria before being competitively assessed against merit criteria.

The eligibility criteria are designed to ensure that only projects at an appropriate stage of development are assessed for merit.

The competitive tender process and proposed eligibility and merit criteria can be [viewed here](#).

### Can I apply for an LTESA and an access right for a project intending to connect to new infrastructure in the CWO REZ?

Yes. The access scheme declaration for new infrastructure in the CWO REZ is intended to be published at the time of the Q4 2022 tender.

**Projects that require an access right and an LTESA for a project must obtain these in a single competitive tender round.**

To prevent proponents getting an unintended advantage in the competitive tender process, projects that bid for and are successful in obtaining:

- an LTESA (but not an access right) will be prevented from seeking an access right in a later tender round
- an access right (but not an LTESA) will be prevented from seeking an LTESA in a later tender round.

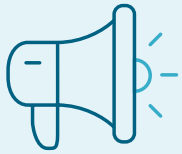
### Can I bid for an LTESA and an access right for a project intending to connect to existing infrastructure, in the CWO REZ?

Yes. Projects intending to connect to existing infrastructure within the CWO REZ can bid for an LTESA and use the open access process for connection.

### Will there be an access control test in the access scheme declaration for projects that intend to connect to existing infrastructure in the CWO REZ?

For projects bidding for an LTESA and connecting to existing infrastructure, curtailment impacts will be assessed through the tender merit criteria and no additional test will be applied to these projects through an access control mechanism.

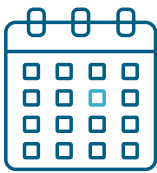
The CWO REZ access scheme declaration may include an access control mechanism governing connections to existing infrastructure to minimise curtailment impacts on new CWO REZ infrastructure.



## Market Briefing 2022

A series of engagements will be held to provide proponents with certainty and a thorough understanding of the tender process. Information will include:

- Progress against design milestones
- Timing of further decisions
- Additional detail necessary for proponents to successfully participate in the Q4 and future tenders



## Would you like to learn more?

Information will be regularly published leading up to Q4 2022

Expected: June 2022	Expected mid-2022	At least eight weeks before Q4 2022 tender
Draft guidelines for the declaration of access schemes	Regulations defining 'outstanding merit' Draft CWO access scheme declaration	Tender Guidelines**

\*\*These will provide details on how to submit a proposal, the assessment process, merit criteria and required documentation.

## To find out more please visit [aemoservices.com.au](https://aemoservices.com.au) or email us at [stakeholderengagement@aemoservices.com.au](mailto:stakeholderengagement@aemoservices.com.au).

The NSW Consumer Trustee has a duty to act in the long-term financial interests of NSW electricity consumers, and it has discretion when recommending LTESAs. If it receives a sufficient number of quality proposals it may recommend LTESAs greater than the indicative tender size. If the bids in any tender round do not reflect value to consumers it may recommend LTESAs for generation capacity below the indicative tender size.

Important notice: This document provides a summary of the relevant laws in the Electricity Infrastructure Investment Act 2020 and associated regulations and policies as at the date of the document. The document may include generalisations and assumptions about future policy outcomes. It may not include important qualifications, details or legal terminology. AEMO Services Limited (ABN 59 651 198 364) does not guarantee the accuracy, currency or completeness of any information contained in this document and will not accept responsibility for any loss caused by reliance on it. The information in this document is not a substitute for obtaining your own advice. May 2022