



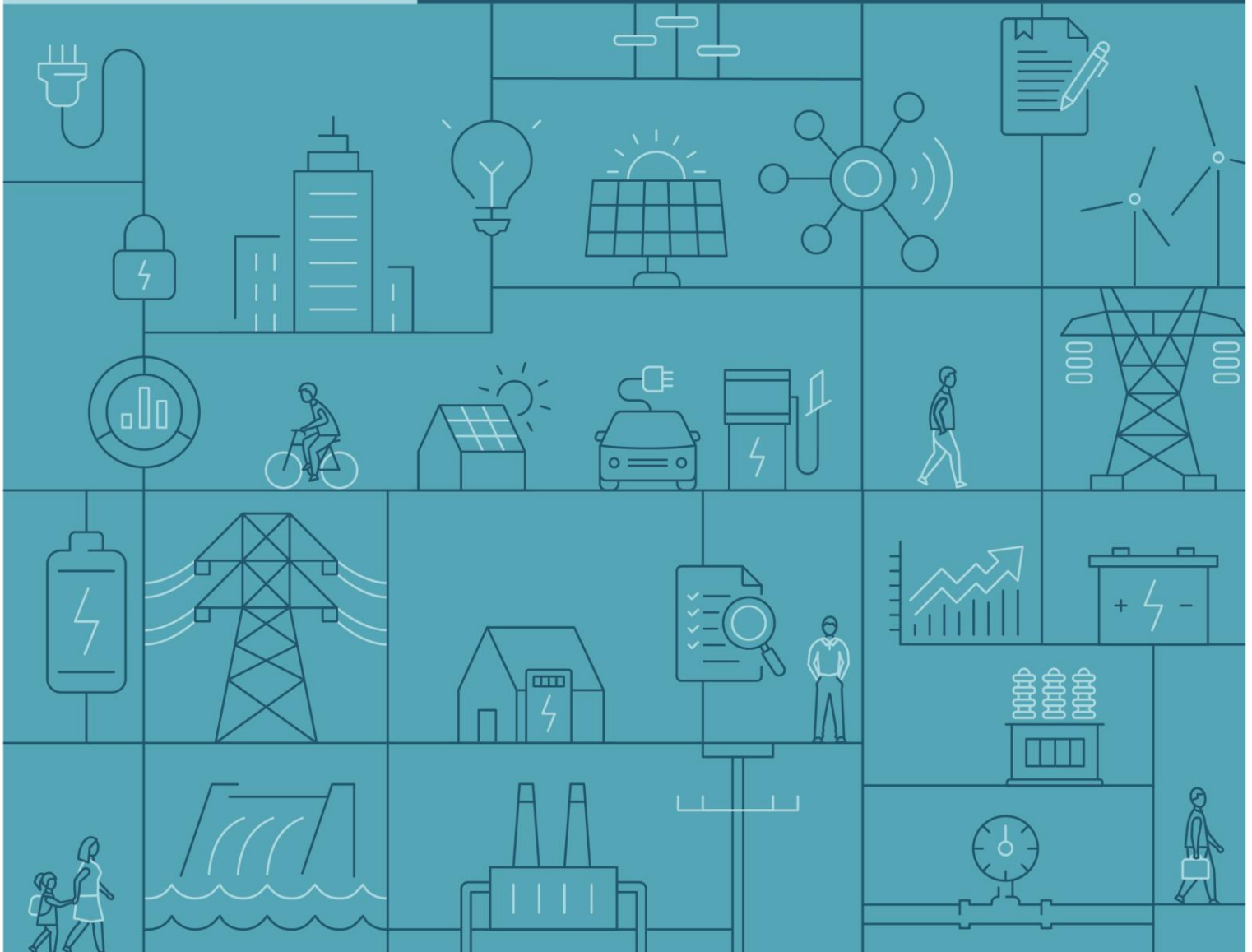
Consumer  
Trustee



# Addendum 2 to the Tender Guidelines - Tender Round 2

NSW Consumer Trustee

18 July 2023



# Addendum 2 to the Tender Guidelines

## IMPORTANT

This addendum (Addendum 2) to the Guidelines – Tender Round 2 Firming Infrastructure (March 2022) (Tender Guidelines) is issued under section 5.38 of the Tender Guidelines. In accordance with section 5.38 of the Tender Guidelines, Proponents must prepare their Bids to consider and reflect the content of Addendum 2. The Tender Conditions also apply to this Addendum 2.<sup>1</sup>

Capitalised terms in this Addendum 2 not otherwise defined are defined in the Tender Guidelines.

All references to 'Proponent' in this Addendum 2 refer to any person (who alone) or persons (who together, including Consortium Members), submit, or intend to submit, a Financial Value Bid, including any Bid Entity (as applicable).

All Eligibility Criteria and Merit Criteria in the Tender Round, including the Eligibility Criteria (EC) in section 4.1 of the Tender Guidelines, are unchanged. EC1, that a Project must involve generation from a renewable energy source, remains disappplied for this Tender Round.

## 1.1 Background

The Consumer Trustee will increase the indicative tender size of this Tender Round to 930MW (nameplate capacity) (see section 1.3 below). This decision has taken into account the Consumer Trustee's requirements in running Tender Round 2 and recent trends and changes affecting modelling and regulatory assumptions. In this respect, it is noted that:

- Based on recent updates, the Consumer Trustee expects that the requirement for firming infrastructure before 2025/26 to meet the EST and Reliability Standard will materially exceed the previously announced minimum tender size of 380MW (after any EST contribution factor adjustments) for Tender Round 2.
- The Commonwealth Government has recently announced that its Capacity Investment Scheme will support up to an additional 550MW of firming infrastructure as part of this Tender Round (Commonwealth funding).
- Provision of the Commonwealth funding requires agreement from each of the Scheme Financial Vehicle (SFV), the NSW Government and the Commonwealth Government, which is outside of the control of the Consumer Trustee. The provision of Commonwealth funding is expected to have certain conditions to ensure alignment with the objectives of the Capacity Investment Scheme, including that Commonwealth funding may not be used to support gas or demand response projects.
- The availability of Commonwealth funding will be among the considerations which the Consumer Trustee will take into account when satisfying itself of its statutory obligations and making its recommendations to the SFV. Such funding is expected to contribute towards achieving the objectives of Tender Round 2 by providing an additional source of funding to the SFV for this tender.
- Commonwealth funding may allow for an additional 550MW of firming infrastructure as part of this Tender Round. In this respect, it is noted that:
  - The Merit Criteria the Consumer Trustee applies to assess Bids is unchanged and will be undertaken strictly in accordance with the Tender Rules and Tender Guidelines. There will be no change to merit scoring because of Commonwealth funding or Commonwealth funding conditions.
  - The availability of Commonwealth funding to the SFV will be relevant to the Consumer Trustee's decision to recommend Bids to the SFV, including with respect to the amount of capacity to recommend that would be consistent with the objectives and requirements of the EII Act and EII Regulation.

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<sup>1</sup> Section 5.1 of the Tender Guidelines.

## 1.2 Purpose of Addendum 2

This Addendum 2 amends the Tender Guidelines to enable a relevant Proponent to submit a Financial Value Bid and covers the following Tender Guidelines references.

Tender Guideline reference	Section	Item
Tender Round 2 Firming Infrastructure – details	A	Indicative tender size
	B	Important Dates
	C	EST contribution factors
3. Tender and assessment process	3.1.6	Financial Bid Assessment, Total Merit Score and Financial Value Shortlist

## 1.3 Indicative tender size

### 1.3.1 Tender Guidelines reference

As the Tender Guidelines state, the Consumer Trustee may expand the minimum tender size of 380 MW for this Tender Round.<sup>2</sup>

### 1.3.2 Amendment

The Consumer Trustee has decided to expand the indicative tender size to a total nameplate capacity of 930 MW.

*Note: Where consistent with the EII Act, the Consumer Trustee may exercise discretion to recommend a greater or lesser volume of Firming LTESAs than the above indicative tender size.*

## 1.4 Important dates

### 1.4.1 Tender Guidelines reference

*Section B – Important dates* on page 10 of the Tender Guidelines provides indicative dates for the Tender Round steps.

### 1.4.2 Amendment

The Consumer Trustee has extended the Tender Round, updating *Section B – Important Dates* as follows:

Step	Date
Invite to submit Financial Value Bid	21 July 2023
Financial Value Bid Closing Date and time	16 August 2023 5.00 pm AEST

<sup>2</sup> Pages 6 and 9 of the Tender Guidelines.

## 3. Amendment to Financial Value assessment

### 3.1 Overview of Financial Value assessment approach

Adjustment of each Project's Total Merit Score based on its Project-specific EST contribution factor will no longer be applied during the Financial Value Assessment process to rank Financial Value Bids. Any other references in the Tender Documentation inconsistent with this are to be disregarded.

In developing the Financial Value Shortlist, the Consumer Trustee will apply EST contribution factors to consider how Projects selected for the Financial Value Shortlist contribute to the capacity required to meet the EST and Reliability Standard as follows:

- As stated above, each Financial Value Bid will be scored and ranked based on its Total Merit Score (without the application of Project-specific EST contribution factors).
- The Financial Value Shortlist will be determined based on the ranked list of Financial Value Bids and the objectives and requirements of the EII Act and EII Regulation.
- Depending on the portfolio of Projects in the Financial Value Shortlist, the contributions of each Project to meet the EST and Reliability Standard may change due to portfolio effects. In finalising the Financial Value Shortlist, the Consumer Trustee will take these portfolio effects into account for each Project, individually and as part of a portfolio, when assessing the Projects and the capacity required to achieve the overall tender objective of constructing firming infrastructure necessary to meet the EST and the Reliability Standard by 2025/26.
- In a circumstance where the combined contributions of the initial Financial Value Shortlist do not meet the capacity required to achieve tender objectives, the Consumer Trustee may consider alternative portfolios of Projects to decide the Financial Value Shortlist, in accordance with the EII Act, having regard to the assessment as a whole, of which financial value is the primary consideration.

#### 3.1.1 Tender Guidelines reference

The section with the heading *Application of EST contribution factors* on page 11 of the Tender Guidelines described how the Consumer Trustee intended to apply EST contribution factors at the Financial Value Assessment stage.

Section 3.1.6 on page 34 further outlines the Financial Value Assessment process, including:

- Determining a Total Merit Score for each Bid based on the total weighted score of all Merit Criteria and developing a Financial Value Shortlist. This section stipulates that each Project's Total Merit Score may be adjusted for the Project-specific EST contribution factor<sup>3</sup> where it is in the long-term financial interests of NSW electricity customers (having regard to the assessment as a whole, of which financial value is the primary consideration).
- The initial Financial Value Shortlist 'cut-off' will be determined based on factors including an assessment of the capacity required to meet the overall tender objectives, accounting for EST contribution factors.

#### 3.1.2 Amendment

The following are to be disregarded in their entirety:

- The content under the heading 'Application of EST contribution factors' on page 11 of the Tender Guidelines (other than the italicised note).
- The following statement on page 34 of the Tender Guidelines: "*The Total Merit Score may be adjusted for the Project-specific EST contribution factor. These factors may be used to adjust the Total Merit*

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<sup>3</sup> The EST contribution factor calculated for each Project that reflects its exact location and capacity.

Score of each Project, where it is in the long-term financial interests of NSW electricity customers (having regard to the assessment as a whole of which financial value is the primary consideration).”

## 3.2 EST contribution factors

### 3.2.1 Tender Guidelines reference

Table 1 in Section C – EST contribution factors on page 11 of the Tender Guidelines outlines information for Proponents to calculate an indicative Project-specific EST contribution factor.

### 3.2.2 Amendment

The Consumer Trustee has updated the values in Table 1 in section C – EST contribution factors published in the Tender Guidelines on 13 March 2023, correcting a modelling error that was identified. The EST contribution factor calculations erroneously omitted the impact of generators at some nodes on the Bannaby – Sydney West 330 kV network constraint. The line had been modelled to above the thermal capacity. The corrected values are shown below, and Table 1 in section C – EST contribution factors is replaced with the below table.

**Table 1 EST contribution factors**

Connection Point	EST contribution factors	
	Generation of 150 MW	Generation of 380 MW
<b>Within SNW</b>	1.00	1.00
Armidale 330 kV	0.85	0.53
Bannaby 330 kV	0.00	0.00
Bayswater 330 kV	0.94	0.79
Bayswater 500 kV	0.89	0.79
Bendeela 330 kV	0.00	0.00
Buronga 330 kV	0.00	0.00
Canberra 330 kV	0.00	0.00
Capital 330 kV	0.00	0.00
Coffs Harbour 330 kV	0.88	0.55
Collector 330 kV	0.00	0.00
Crookwell 330 kV	0.00	0.00
Darlington Point 330 kV	0.00	0.00
Dinawan 330 kV	0.00	0.00
Dumaresq 330 kV	0.00	0.00
Gullen Range 330 kV	0.00	0.00
Jindera 330 kV	0.00	0.00
Kangaroo Valley 330 kV	0.00	0.00
Liddell 330 kV	0.94	0.94
Lismore 330 kV	0.89	0.56
Lower Tumut 330 kV	0.00	0.00
Marulan 330 kV	0.00	0.00
Mt Piper 330 kV	0.52	0.52
Mt Piper 500 kV	0.42	0.42
Muswellbrook 330 kV	0.94	0.94

Connection Point	EST contribution factors	
	Generation of 150 MW	Generation of 380 MW
<b>Within SNW</b>	1.00	1.00
New England 330 kV	0.86	0.52
Ravine 330 kV	0.00	0.00
Sapphire 330 kV	0.00	0.00
Stockdill Drive 330 kV	0.00	0.00
Tamworth 330 kV	0.90	0.89
Upper Tumut 330 kV	0.00	0.00
Wagga 330 kV	0.00	0.00
Wallerawang 330 kV	0.55	0.54
Wellington 330 kV	0.54	0.54
Williamsdale 330 kV	0.00	0.00
Wollar 330 kV	0.54	0.54
Wollar 500 kV	0.54	0.53
Yass 330 kV	0.00	0.00