



South West Renewable Energy Zone (SW REZ)

Access Fee Guidelines

May 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

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

Capitalised terms used in these Guidelines and not otherwise defined in this document take their meaning from the *Renewable Energy Zone (South West) Access Scheme Order 2024* (**Access Scheme Declaration**) under the *Electricity Infrastructure Investment Act 2020* (**EII Act**).

To the extent that there is any inconsistency between these Guidelines and the requirements of the 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 Guidelines to outline the expected Access Fee methodology and SW REZ Access Fee settings for the SW 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 SW REZ ARHs 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 the time of publication 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.

AEMO Services does not guarantee the accuracy, currency or completeness of any information contained in this document and (to the maximum extent permitted by law) expressly disclaims all liability relating to or resulting from reliance on it or resulting from the exercise of any discretion, or the making of any decision, by AEMO Services, as the Consumer Trustee under the EII Act.

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

All dollar amounts in these 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 REZs and meet the objectives of the NSW Electricity Infrastructure Roadmap (**Roadmap**).

The SW REZ Access Scheme was formally declared on 12 April 2024,¹ 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 Rights 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 SW 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.

The table below summarises the key sections of this Guideline.

Table 1: Summary of SW 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 SW REZ.
Section 2: SW Access Fee structure	Outlines the Access Fee principles that inform the development of the Access Fee structure, explains how Access Fees are structured, and important clarifications for the methodology.
Section 3: SW 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).
Section 5: Appendix	Provides information on SW REZ draft Access Fee Calculator Assumptions to help understand the calculation of Access Fees for each Project.

¹ [Renewable Energy Zone \(South West\) Access Scheme Order 2024](#) under the EII Act.

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 SW REZ

Term	Responsibilities
Infrastructure Planner (IP/EnergyCo)	EnergyCo as the appointed Infrastructure Planner is responsible for: <ul style="list-style-type: none"> • Administering the Access Scheme • Granting an Access Right or approve an increase in the maximum capacity if the Consumer Trustee has recommended the grant or increase • Advising the Consumer Trustee, where required, on future Access Right tender processes • Publishing the template Access PDA • Providing guidance on inputs into the Access Fee calculations, including costs and assumptions relating to the administration of the Access Scheme and the 'Community & Employment' component. • Entering into and enforcing the Access PDA with Proponents • Consulting with the SFV and the Consumer Trustee on the terms and conditions, including bonding arrangements of the Access Payment Deed between the SFV and the ARH • Recommending that the SFV enter into Access Payment Deeds with successful ARHs.
SW REZ Network Operator (NO)	The Network Operator is responsible for: <ul style="list-style-type: none"> • Managing the connection process to the Access Rights Network (the connection agreement process is governed by Chapter 5 of the NER as modified by the EII Act) • Entering into the Connection Agreement with ARHs • Operating, maintaining, and controlling the Access Rights Network.
Consumer Trustee (AEMO Services)	For Access Fees, the Consumer Trustee is responsible for: <ul style="list-style-type: none"> • Determining the Access Fees for Proponents that are allocated Access Rights. For Access Rights, the Consumer Trustee is responsible for: <ul style="list-style-type: none"> • Making rules, in consultation with the Infrastructure Planner, about the conduct of a competitive tender in relation to the granting or increasing of Access Rights • Making recommendations in the form of a report to the Infrastructure Planner based on the outcomes of competitive tenders for Access Rights.
Scheme Financial Vehicle (SFV)	The SFV is responsible for: <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.

1.2 Relevant documents and contractual structure

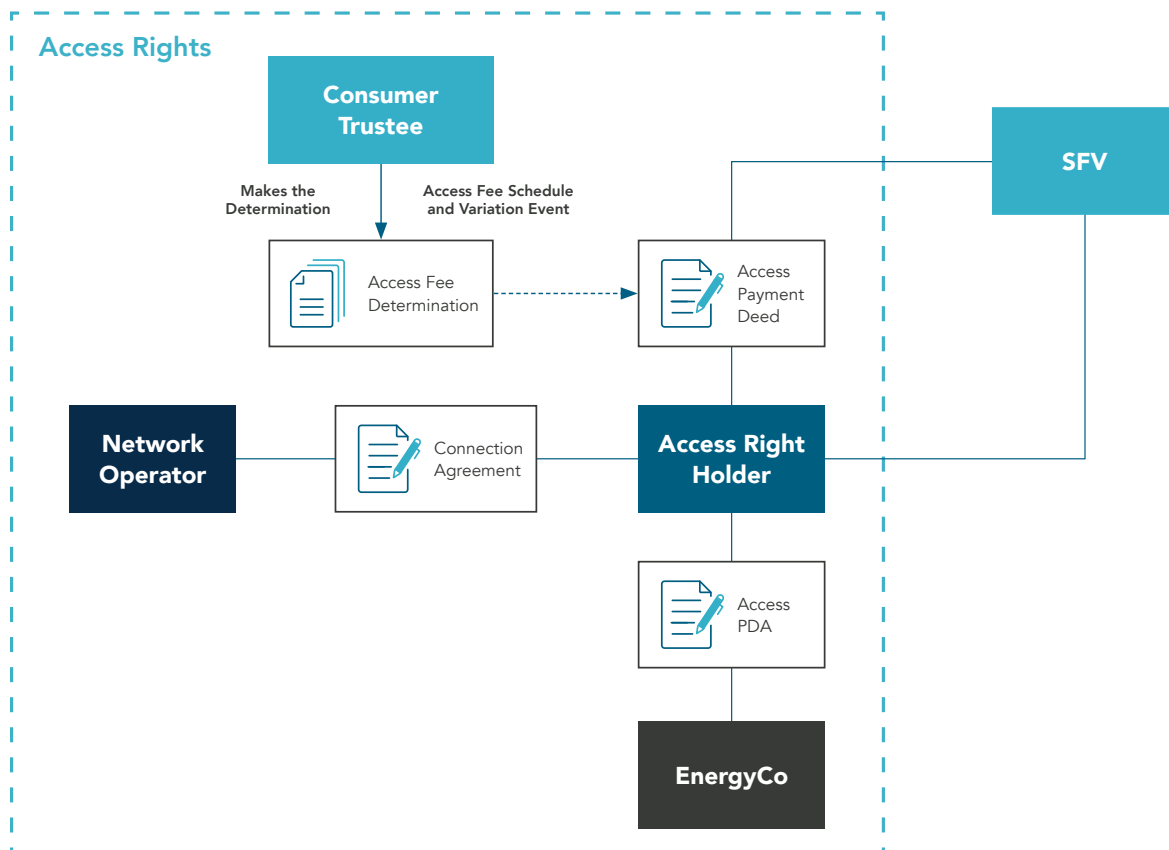
This document should be read in conjunction with the latest version of the documents set out in the table below, where available. The documents relating to Access Fees are the draft Access Fee Calculator, Access Payment Deed, and the Access Fee Determination, which are described within these Guidelines.

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.
Access Payment Deed (APD)	The Access Payment Deed is executed by the ARH and the SFV and sets out the terms for paying the Access Fees (as determined under the Access Fee Determination) and providing securities to the SFV.
Draft Access Fee Determination (AFD)	The Draft Access Fee Determination is the statutory decision by the Consumer Trustee, and contains the Access Fee Schedule for each Project, which will be reflected in the Access Payment Deed. 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 licence commitments and other terms and conditions of the Access Right.
Connection Agreement	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.

The diagram in [Figure 1](#) provides an overview of the key Access Right Agreements to support the delivery of the SW REZ Access Scheme.

Figure 1: Contract structure applicable to SW Access Rights



2. SW 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 principles that must be taken into account and requirements that must be met in the structuring and setting of Access Fees.

2.1 SW 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;
- Transparency in total determined or expected fees payable under the Access Scheme for participants; and
- Other principles prescribed by the regulations.

Subsections 26-(2) and (4) of the EII Act mandate that the Access Fees determined by the Consumer Trustee include a component to be 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 Fees the Consumer Trustee must have sought advice from the Employment Purpose Advisory Committee (**EPAC**).²

The Consumer Trustee will also take into account other mandatory considerations, and must act independently and in the long-term financial interests of NSW electricity customers.

2.2 Structure of Access Fees

Access Fees contribute to community benefit sharing initiatives and employment initiatives in the REZ, SW Access Scheme administration, with residual amounts used to reduce consumer contributions to the overall costs of the NSW Electricity Infrastructure Roadmap.

The assumptions underpinning the Access Fee are detailed in the Appendix.³ 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 the Consumer Trustee becomes aware of new information that the Consumer Trustee considers as requiring changes to the Access Fee methodology, the Consumer Trustee will act according to the principles outlined in Section 2.1 and notify Proponents promptly of any changes.

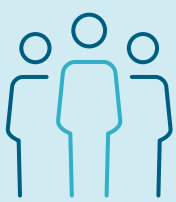
² Employment Purpose Advisory Committee under s34W(1)(b) of the *Energy and Utilities Administration Act 1987* (NSW). The SW REZ Access Fee is expected to include this component to be allocated to support funding of employment initiatives in impacted communities in the region, in accordance with the EII Regulation (see section 2.2).

³ Assumptions may be subject to change at the discretion of the Consumer Trustee.

Table 4: Access Fee components

Fee component	Scope of fee	Source of scope and assumptions
C&E Fee		
Community	Contributes to community benefit sharing initiatives.	Assumptions provided by the Infrastructure Planner.
Employment	Contributes to employment initiatives.	Advice provided by the EPAC.
Non-C&E Fee		
SW REZ Administration Fee	To cover SW Access Scheme administration costs incurred by the Infrastructure Planner.	Assumptions provided by the Infrastructure Planner.
Contribution to the NSW Electricity Infrastructure Roadmap	A fee to reduce consumer contributions to the costs of the NSW Electricity Infrastructure Roadmap.	Determined by the Consumer Trustee to reflect the benefits of connecting to the SW Access Scheme as well as to support the financial sustainability and affordability of the NSW Electricity Infrastructure Roadmap.

Figure 2: Access Fee for access to SW REZ



Community and Employment (C&E) initiatives

AEMO Services anticipates that most of the fees 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.

Access Fee

The **Access Fee** will include a component to fund community benefit sharing and employment initiatives in the REZ (**C&E Fee**), with the remainder used to fund Access Scheme administration and reduce consumer contributions to the costs of the NSW Electricity Infrastructure Roadmap (**Non-C&E Fee**).⁴ The Access Fee is a fixed per megawatt per annum fee. The formula for the Access Fee is set out below in [Figure 3](#).

Figure 3: Access Fee calculation

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

The Access 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
- The Non-C&E component is set at a total value of \$1,700/MW per annum
- Fees are indexed at 2.5% per annum.

The C&E Fee component of the Access Fee is a statutory requirement under the EII Act.

It is important to note that the Access Fee will be determined by the Consumer Trustee, having regard to a range of statutory considerations, in addition to the output of the formula.

⁴ Refer to EII Act sections 26-(2) and 26-(4). Note that these figures are subject to change at the discretion of the Consumer Trustee.

2.3 Important clarifications

Multiple Connection Points

Under the SW 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.

Goods and Services Tax (GST)

Access fees specified in the draft Access Fee Determination do not include GST. The Access Payment Deed 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 Access Payment Deed 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.

3. SW Access Fee assumptions and calculation

This section summarises the expected assumptions and calculation methodology for each component of the SW 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 SW Access Fee Calculator and assumptions

The draft Access Fee Calculator is designed to assist 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 intend to make a final Access Fee Determination that differs 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, to reflect the proposed final Access Fee Determination.

Any adjustments made to Access Fee inputs immediately prior to the final Access Fee 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 the following inputs:

- **Access Fee and global assumptions**, provided by AEMO Services set out in Appendix [Table 5](#).
- **Proponents' Bid Variables**, provided by Proponents as part of their applications or bids for Access Rights as set out in Appendix [Table 6](#).

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 first Access Fee Payment

The Access Payment Deed 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 Consumer Trustee 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 Access Fee Determination is expected to be made following the selection of final ARHs for each Project; at this time, successful Proponents will be required to enter into an Access Payment Deed with the SFV, and the Access PDA with the Infrastructure Planner. It is anticipated that a final Access Fee Determination will be made on or about the date of execution of these documents.

4.2 Adjustments to Access Fees

After the Access Fee Determination is made, adjustments to the Access Fee can only occur under the conditions set out in the Access Fee Determination document (refer to section 4.3 Variation Events). As the setting of Access Fees is a statutory decision, adjustments accounted for in the Access Fee 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 Access Fee Determination will be reflected in the Access Fee Determination, Access Payment Deed and Access PDA.

4.3 Variation Events

An indicative list of the types of Variation Events which may be included in a draft Access Fee Determination are described below to provide context of their drafting in the Access Fee Determination. Inclusion of these or other Variation Events will be at the discretion of the Consumer Trustee.

- **Approved maximum capacity change:** The maximum capacity may change after the Access Fee Determination. Increases to the maximum capacity (approved by the IP) through the Access PDA are expected to increase the Access Fee proportionally, but reductions in maximum capacity are expected to only reduce the Access Fee by up to a maximum of 5%.
- **Scheme term extension** The NSW Government may extend the SW REZ Access Scheme. This is expected to extend the community and employment component of the Access Fee (C&E Fee) in the Access Fee Determination if the scheme term extension also extends an ARH's Access Right. The C&E fee is expected to be payable until the expiry or termination of the Access Right in effect.

5. Appendix⁵

5.1 SW REZ draft Access Fee Calculator Assumptions

Table 5: Access Fee and global assumptions to be determined by the Consumer Trustee

Access Assumptions Input	Unit	Amount (\$/MW p.a.)	Used in	Notes
Access Fee assumptions				
Community and Employment Fee (C&E Fee)	Nominal 2024 AUD\$ per MW per annum	\$2,300	Calculating the Access Fee	This fee includes the amounts prescribed in sections 26-(2) and (4) of the EII Act to fund community and employment benefits.
SW REZ Administration Fee (Non-C&E Fee)	Nominal 2024 AUD\$ per MW per annum	\$691	Calculating the Access Fee	As defined in the Access Fee Determination. This fee includes amounts to cover SW Access Scheme administration costs incurred by the Infrastructure Planner.
Contribution to the NSW Electricity Infrastructure Roadmap (Non-C&E Fee)	Nominal 2024 AUD\$ per MW per annum	\$1,009	Calculating the Access Fee	This fee reflects the benefits of connecting to the SW Access Scheme as well as to support the financial sustainability and affordability of the NSW Electricity Infrastructure Roadmap.
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 July 2024.

Table 6: SW REZ Proponents' Bid Variables provided by the Proponent

Project Characteristics Input	Unit	Used in	Notes
Maximum Capacity	MW	Calculating the Access Fee	Provided by Proponents.
Payment Term	Years	Calculating all Access Fee components	This is expected to match the Project's connection term under its connection agreement with the Network Operator.

⁵ Assumptions may be subject to change at the discretion of the Consumer Trustee.

Glossary

Access Fee Determination	Sets out Access Fees for each individual Project and how they may be adjusted for certain events
Access Payment Deed	SW REZ Access Payment Deed between an ARH and the SFV
Access PDA	SW REZ Project Development Agreement between an ARH and EnergyCo
Access Right Agreements	Access PDA and Access Payment Deed
Access Scheme Declaration	<i>Renewable Energy Zone (South West) Access Scheme Order 2024</i> under the EII Act as amended from time to time
ARH	A person who holds an Access Right granted under the Access Scheme Declaration
C&E Fee	The Community and Employment Fee that contributes to community benefit sharing initiatives and employment initiatives
Connection Agreement	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 Right Network
Consumer Trustee	AEMO Services has been appointed as the Consumer Trustee under the EII Act
EII Act	<i>Electricity Infrastructure Investment Act 2020</i> (NSW)
EII Regulations	<i>Electricity Infrastructure Investment Regulations 2021</i> (NSW)
EnergyCo	Energy Corporation of NSW
EPAC	Employment Purpose Advisory Committee under s34W(1)(b) of the <i>Energy and Utilities Administration Act 1987</i> (NSW)
Infrastructure Planner	EnergyCo has been appointed the Infrastructure Planner for the SW REZ under section 63 of the EII Act
Network Operator	SW REZ Network Operator
Non C&E Fee	Component of the Access Fee to fund Access Scheme administration costs incurred by the Infrastructure Planner and reduce consumer contributions to the cost of the NSW Electricity Infrastructure Roadmap
Project	SW REZ new generation and storage projects seeking Access Rights
Project Characteristics	The project specific features of a SW REZ Access Right Project, defined under Schedule 3 in the Access PDA. The Project Characteristics form part of the Bid Variables bid by the Proponents
Proponent	Generators or Integrated Resource Providers seeking access to the Access Rights Network through a tender process
REZ	Renewable Energy Zone
SW REZ Administration Fee	As defined in the Access Fee Determination. An Access Fee paid by the ARH to the SFV to cover the Infrastructure Planner's administration costs for the SW REZ
Roadmap	NSW Electricity Infrastructure Roadmap
SW REZ	South West Renewable Energy Zone
SFV	Scheme Financial Vehicle