



Australian Government

Department of Climate Change, Energy,
the Environment and Water

Capacity Investment Scheme

Market brief on Renewable Energy

Transformation Agreement allocations by
jurisdiction

November 2024



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Disclaimer

The Commonwealth of Australia, as represented by the Department of Climate Change, Energy, the Environment and Water, has produced this publication to provide additional high-level guidance on the rollout of the *Capacity Investment Scheme (CIS) Tenders*. The rollout of the tenders is ongoing and the information contained in this publication is subject to change. This publication does not indicate commitment by the Australian Government to any, or any particular course of, action in relation to the CIS or otherwise.

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Acknowledgement of Country

We acknowledge the Traditional Owners of Country throughout Australia and recognise their continuing connection to land, waters and culture. We pay our respects to their Elders past and present.

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Purpose

The purpose of this market brief is to provide information to potential proponents (Proponents) about the allocation of clean dispatchable and renewable generation capacity through the Capacity Investment Scheme (CIS) under Renewable Energy Transformation Agreements (RETAs).

The Tender Guidelines and the draft Capacity Investment Scheme Agreement (CISA) for each CIS tender provide complete information on tender process and criteria for each tender. As outlined on Page 2 of this document, the final arrangements for all tenders will be as published in the Tender Guidelines and in the draft CISAs which may include changes to matters set out in this brief.

Context

Capacity Investment Scheme

The CIS is an Australian Government program to accelerate investment in new renewable energy generation, such as wind and solar, and clean dispatchable capacity, such as battery storage. The CIS comprises a series of competitive tenders for underwriting contracts to deliver 32 GW of capacity by 2030, to help fill expected reliability gaps as ageing coal-fired power stations retire and demand grows, place downward pressure on electricity prices and to support the Government's 82% renewable electricity target by 2030. CIS tenders will be held around every 6 months in the National Electricity Market (NEM) and around every 12 months in the Western Australian Wholesale Electricity Market (WEM) until the end of 2026.

For further information on the CIS tenders please visit the [AEMO Services webpage](#) and the [Capacity Investment Scheme webpage](#) on the Department of Climate Change, Energy, the Environment and Water's (DCCEEW) website.

Renewable Energy Transformation Agreements

Building on the National Energy Transformation Partnership framework, the Australian Government has agreed, or is negotiating, bilateral RETAs with state and territory governments to achieve shared objectives in the renewable energy transformation.

RETAs detail how the parties will work together to deliver the 82% target, ensure reliability through an orderly and timely exit of ageing coal generators, as well as address non-market barriers to investment such as planning and environmental approval bottlenecks. They also aim to improve community engagement and drive better social and economic outcomes.

RETAs will:

- support an affordable, reliable and resilient energy system for Australian consumers that addresses the unique needs of each state and territory
- help secure investment certainty
- ensure progress continues across states and territories, with governments collaborating to address barriers to delivering energy infrastructure.

Further information on RETAs can be found [here](#).

Capacity allocations to jurisdictions

Cumulative jurisdictional allocations

A portion of capacity within the CIS is allocated to states and territories through RETAs, thereby ensuring investment through the CIS complements investment under state systems. The RETA allocation in any auction is subject to the availability of sufficient meritorious projects.

As at 1 November 2024, RETAs have been finalised with South Australia (SA), Western Australia (WA) and the Australian Capital Territory (ACT). Subject to the finalisation of RETAs in advance of the November CIS tender, allocations have also been agreed with Victoria, New South Wales (NSW) and Tasmania as shown in Table 1.

Table 1. Allocations by jurisdiction under the CIS.

Jurisdiction	Cumulative generation allocations (GW)#	Cumulative dispatchable allocation (GW / GWh)
New South Wales (NSW)	7.1	1.3 / 5.2
South Australia (SA)	1.2	0.9 / 3.6
Victoria	5.0	1.7 / 6.8
Tasmania	1.2	*
Australian Capital Territory (ACT)	*	*
Western Australia (WA)	2.0	1.1 / 4.4
Queensland	*	*
Northern Territory (NT)	N/A	N/A

The listed capacity (GW) is an indicative figure for the allocations outlined in more detail below, calculated based on the AEMO ISP 2024 generation mix and past technology capacity factors. Allocations may be adjusted in the second and third years to reflect the technology mix in completed tender rounds.

* Where no allocation has been determined, eligible projects from that state or territory can still bid competitively into CIS NEM wide tenders.

New South Wales

The Australian Government will tender for up to 7.1 GW of generation capacity in NSW through the CIS, including 1.1 GW which will count towards the NSW Roadmap.

Subject to the decision of the independent NSW Consumer Trustee, NSW Government Electricity Infrastructure Roadmap tenders for renewable generation will not proceed during the delivery of the Australian Government's commitments through the CIS.

Once the Australian Government has fulfilled the NSW CIS generation target, expected through CIS Tenders 1 and 4, future CIS generation tenders will not seek bids from projects in NSW. Subsequently, NSW Roadmap tenders will recommence in NSW to support ongoing achievement of existing NSW Roadmap investment objectives.

For further information on the NSW Roadmap see [Electricity Infrastructure Roadmap | NSW Climate and Energy Action](#).

The target dispatchable capacity allocated to NSW is at least 1.3 GW of four-hour equivalent dispatchable capacity (5.2 GWh) to be delivered in CIS Tender 3 and subsequent CIS dispatchable tenders. This capacity will be in addition to the dispatchable capacity jointly supported through the 2023 CIS pilot with NSW Roadmap Tender 2.

Victoria

Through the RETA negotiation process, the Victorian and Australian Governments have agreed to a total allocation of at least 5.0 GW / 11 TWh of generation capacity (post economic and network curtailment) and 1.7 GW / 6.8 GWh of dispatchable capacity. The agreed schedule detailing the tendered capacity in 2024, 2025 and 2026 is as per Table 2.

Table 2. Service Schedule of tendered capacity

CIS Tenders in calendar year	Cumulative allocation generation capacity (GW / TWh)	Cumulative allocation dispatchable capacity (GW / GWh)
2024	2.8 / 6.2	1.0 / 4.0
2025	3.8 / 8.0	1.5 / 6.0
2026	5.0 / 11.0	1.7 / 6.8
Cumulative total	5.0 / 11.0	1.7 / 6.8

The calculation of the cumulative total will recognise CIS Projects selected in completed tender rounds and target capacity for current tender rounds yet to conclude.

The allocated dispatchable capacity for Victoria is 1.7 GW of four-hour duration equivalent capacity (6.8 GWh), which is inclusive of the two Victorian projects supported in the 2023 CIS pilot South Australia-Victoria tender, which totalled 0.465 GW / 1.63 GWh.

At Victoria's request, the Australian Government will implement a maximum technology award to solar such that no more than 750 MW of solar and solar-hybrid projects will be contracted in Victoria in CIS Tender 4 – NEM Generation. In 2025 CIS generation tenders, the Australian Government may contract solar projects and solar-hybrid projects in Victoria up to the higher of either 0 MW or the balance of 1.5 GW less solar and solar hybrid projects underwritten in the CIS Tender 1 and the 750 MW cap in CIS Tender 4. For CIS tenders in 2026, there will be no limit to solar-hybrid projects, but the Australian Government will only contract solar projects in Victoria up to the value of any unallocated balance under 1.5 GW.

Victoria may lift or remove any of the above requirements in advance of any upcoming tender. The above requirements have been introduced to ensure a resource mix that can support energy system reliability in Victoria.

South Australia

Through the SA RETA, the South Australian and the Australian Government have agreed a cumulative allocation for the CIS of 3 TWh in generation and 0.9 GW of four-hour equivalent dispatchable capacity (3.6 GWh), inclusive of projects announced in the South Australia-Victoria tender. The announcement of the South Australia RETA on 10 July 2024¹ cited a minimum of 1,000 MW of new wind and solar projects, and at least 600 MW of dispatchable capacity.

Tasmania

Through the RETA negotiation process, the cumulative generation allocation for Tasmania is 4 TWh (estimated to be 1.2 GW), inclusive of any Tasmanian projects selected in CIS Tender 1.

There is no dispatchable capacity allocation for Tasmania, but dispatchable projects located in Tasmania are eligible to bid into CIS tenders for dispatchable capacity in the NEM.

Australian Capital Territory

As agreed through the ACT RETA, there are no specific allocations of capacity under the CIS for the ACT. Eligible projects located in the ACT are however able to participate in CIS tenders and submit bids for unallocated capacity in the relevant CIS tenders.

Queensland

RETA negotiations with Queensland are set to resume following the October 2024 Queensland election. Noting the RETA negotiation process is progressing on a slower timeframe, there are no specific allocations of capacity under the CIS for Queensland. Eligible projects located in Queensland are however able to participate in CIS tenders and submit bids for unallocated capacity in the relevant CIS tenders.

Western Australia

As agreed in the WA RETA, the cumulative generation allocation for Western Australia is 6.5 TWh (estimated to be 2 GW).

The cumulative dispatchable capacity allocation for WA is a minimum of 1.1GW of four-hour equivalent storage capacity (4.4 GWh) in WA, including the 500 MW targeted in CIS Tender 2 – WEM Dispatchable.

Northern Territory

Following the August 2024 NT election, RETA negotiations remain ongoing to reflect the uniqueness of the NT's energy system. As the NT is not connected to the NEM, projects in the NT are not eligible to bid into Tenders 3 and 4.

¹ Announcement [Joint media release: Delivering more Reliable Renewables in South Australia | Ministers](#)

Meeting jurisdiction allocations

Cumulative jurisdiction allocations

To achieve the cumulative jurisdiction allocations over the life of the CIS, jurisdiction allocations will be set at each CIS tender.

Following conclusion of each tender, the total capacity of successful projects within each jurisdiction will be credited towards the relevant jurisdiction's cumulative allocation.

The allocation of capacity to jurisdictions in future tenders will be adjusted to reflect successful project capacity in the preceding CIS tenders.

The fulfilment of cumulative jurisdiction allocations depends on the availability of sufficient meritorious projects from jurisdictions over the operation of multiple CIS tenders. Should there be a shortfall of meritorious projects over multiple tenders then cumulative jurisdiction allocations may go unmet. Through RETAs, the Australian Government and state and territory governments are working together to enable and accelerate a pipeline of projects.

Tender-specific jurisdiction allocations

The Australian Government will set jurisdiction allocations for each tender in order to fulfill cumulative jurisdiction allocations over multiple CIS Tenders as well as ensure that a transparent and robust tender process occurs.

These allocations may include a minimum and maximum for each jurisdiction, and any other constraints on the quantity of capacity in the jurisdiction.

It is expected that tenders will have unallocated capacity available for competitive projects from all relevant jurisdictions. Competitive projects in excess of a minimum allocation for a jurisdiction will be credited towards that jurisdiction's cumulative capacity.

Actual total capacity of awarded projects in each jurisdiction in each tender, and overall, may be higher or lower than the minimum (and maximum, where applicable) allocations, factoring in the discrete size of bidding projects and subject to the availability of sufficiently meritorious projects.

This market brief details the tender-specific jurisdiction allocations for CIS Tender 3 – NEM Dispatchable and CIS Tender 4 – NEM Generation. Tender-specific jurisdiction allocations for future CIS tenders will be published in the respective tender documentation for each tender. Final arrangements for all tenders will be published in the Tender Guidelines and in the draft Generation and Dispatchable CISAs. That may include changes to matters set out in this brief.

Tender 3 jurisdiction allocations

Tender 3 – NEM Dispatchable will invite bids for clean dispatchable capacity projects in the NEM, with an indicative target of 4 GW of four-hour equivalent dispatchable capacity, or 16 GWh.

Tender 3 is expected to open on 13 November 2024. Further information on Tender 3, including a separate market brief, can be found on the [AEMO Services website](#).

Eligible projects from all NEM jurisdictions, including the ACT, Queensland and Tasmania, can submit bids for competitive assessment from the unallocated portion of the CIS Tender 3 (1.7 GW / 6.8 GWh).

The tender-specific jurisdiction allocations for Tender 3 are provided below in Table 3.

Table 3. Jurisdiction allocation for CIS Tender 3

NEM Jurisdiction	Tender 3 dispatchable allocation (GW / GWh)
NSW	0.9 / 3.6
SA	0.4 / 1.6
Victoria	1.0 / 4.0
Unallocated	1.7 / 6.8
Total	4.0 / 16

Tender 4 jurisdiction allocations

Tender 4 – NEM Generation will invite bids for renewable generation projects in the NEM, with an indicative target of 6 GW.

Tender 4 is scheduled to commence in late November. Further information will be available closer to the publication of the Tender 4 Market Brief.

Eligible projects from all NEM jurisdictions, including the ACT and Queensland, can submit bids for competitive assessment from the unallocated portion of the CIS Tender 4 (1.8 GW).

The tender-specific jurisdiction allocations for Tender 4 are provided below in Table 4.

Table 4. Jurisdiction allocations for Tender 4

Jurisdiction	Tender 4 generation allocations (GW)
NSW	2.2*
SA	0.3
Victoria	1.4^
Tasmania	0.3
Unallocated	1.8
Total	6

* NSW has a total cap of 7.1 GW, less the capacity of NSW projects selected in CIS Tender 1.

^ A maximum technology award cap of 750 MW for solar and solar hybrid projects applies for Victoria.