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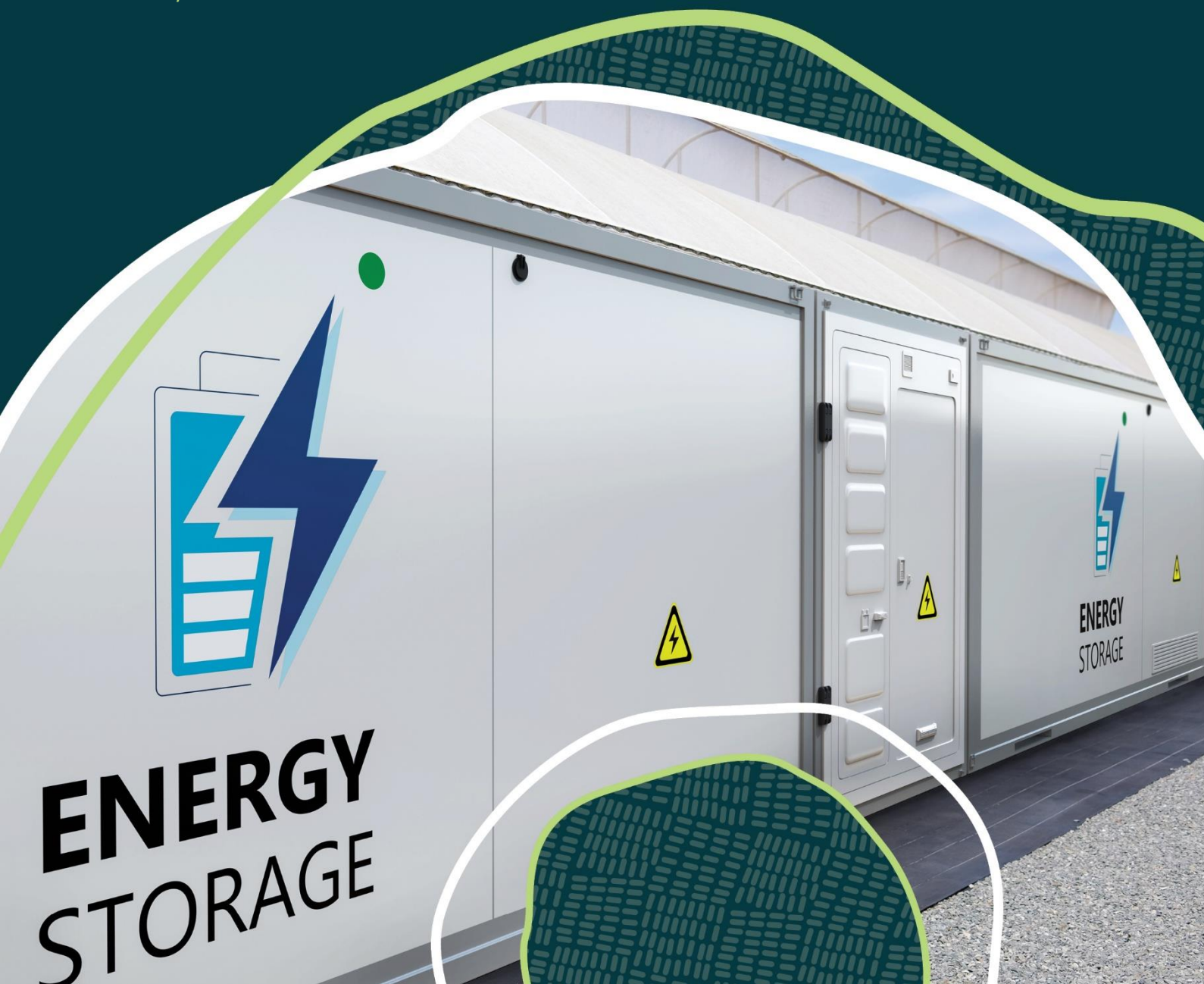
Department of Climate Change, Energy,
the Environment and Water

Capacity Investment Scheme Tender 3 – National Electricity Market Dispatchable Capacity

Market Briefing Note

Stage A assessment summary

May 2025



Purpose

This briefing note provides a generalised assessment summary and feedback on the Project Bid stage (**Stage A**) of the Capacity Investment Scheme (**CIS**) Tender 3 – National Electricity Market (**NEM**) Dispatchable Capacity (**Tender** or **Tender 3**).

The purpose of this briefing note is to provide feedback to Proponents to encourage participation in future tenders and to assist Proponents to improve bids in future tenders.

This briefing note should be reviewed in conjunction with the relevant documentation related to the Tender, including the Tender Guidelines. The CIS Tender 3 Guidelines (**Tender Guidelines**) prevail in the case of any discrepancies with this briefing note.

Capitalised terms not otherwise defined in this briefing note have the meaning given to them in the Tender Guidelines.

Overview

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 gigawatts (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 Australian Government's 82% renewable electricity target by 2030.

Tender 3 is seeking an indicative target of 4 GW of four-hour equivalent dispatchable capacity, or 16 GWh of dispatchable capacity that will be operational before 31 December 2029, to support system reliability. The Tender includes the following targets in NEM jurisdictions:

| NEM Jurisdiction | Minimum dispatchable capacity target (GW / GWh) |
|------------------------------|---|
| New South Wales | 0.9 / 3.6 |
| South Australia | 0.4 / 1.6 |
| Victoria | 1.0 / 4.0 |
| Unallocated | 1.7 / 6.8 |
| Total capacity target | 4.0 / 16.0 |

Stage A of the Tender received a high level of interest. The purpose of the Stage A – Project Bid assessment is to select a shortlist of Project Bids (**Project Shortlist**) to progress to Stage B – Financial Value Bid (**Stage B**). Proponents and their Project Bids that satisfied the Eligibility Criteria were assessed and scored against the Stage A – Project Bid Merit Criteria.¹ Following the Stage A merit assessment, an overall weighted score was developed for a Project Bid using the weightings in the Tender Guidelines² and the Project Shortlist was developed.

¹ As outlined in the CIS Tender Guidelines, Section 2.2.1, Project Bids assessed as low merit against any individual Merit Criterion may not be further assessed.

² CIS Tender 3 Tender Guidelines, Section 2.2.1.

Overview of Stage A assessment and insights

In Stage A, Proponents and Projects were assessed against the following Merit Criteria (**Stage A Merit Criteria**):

- **Merit Criteria 1:** Contribution to system reliability and system benefits
- **Merit Criteria 2:** Project deliverability and timetable
- **Merit Criteria 3:** Organisational capability to deliver the Project
- **Merit Criteria 4:** First Nations engagement
- **Merit Criteria 5:** Community engagement

A strong Project Bid at this stage of the Tender demonstrated high merit across all of the Stage A Merit Criteria. This includes (but is not limited to) the following:

- Well-advanced in the development process with a clear pathway to achieving Financial Close and commercial operations.
- Proactive, meaningful and robust approaches to First Nations and community engagement.
- A site and project design that contributes to system security and reliability in the context of supporting the Commonwealth's goal of achieving 82% renewable electricity by 2030.
- Clearly-defined responses to the Merit Criteria, supported through evidence.

Proponents were assessed on the information provided within the Project Bid form and supporting documentation. Competitive bids provided comprehensive responses to each Merit Criterion addressing requirements with strong evidence submitted to support assessment. In contrast, less competitive bids lacked comprehensive plans and strategies, failed to communicate them effectively or provided limited or no evidence to support their bid form responses.

The following sections provide feedback on each of the Merit Criteria, including the relative strengths and weaknesses highlighted during the Stage A merit assessment.

Merit Criterion 1: Contribution to system reliability and system benefits

Under Merit Criterion 1, Projects were evaluated on their impact on the electricity system, including system reliability and the ability to provide essential system services and/or contribute to system strength.

| Relative strengths | Relative weaknesses |
|---|--|
| <ul style="list-style-type: none"> Projects that provide a greater reliability benefit by connecting to the electricity system at strong locations of relatively low congestion towards major demand centre at times of high demand. Projects that are capable of providing essential system security benefits through technical configuration. | <ul style="list-style-type: none"> Projects that provide little reliability benefit due to their connection to the electricity system at locations of relatively high congestion towards their demand centre at times of high demand. |

Merit Criterion 2 – Project deliverability and timetable

Under Merit Criterion 2, Projects were assessed on their feasibility to reach Financial Close and commercial operations, ability to deliver each milestone, and strategies for mitigating delivery risks.

| Relative strengths | Relative weaknesses |
|---|---|
| <ul style="list-style-type: none"> Projects that demonstrated progress toward achieving key development milestones such as securing land tenure, grid connection³, planning and regulatory approvals, compliance with other applicable regulatory requirements, financing and construction contracting. Evidence provided may have included: <ul style="list-style-type: none"> planning approval and grid connection documents from the relevant regulatory authority; detailed project development plans and comprehensive risk registers with appropriate mitigants; and corporate structure detailing financing arrangements at each level and financing plans. Projects that demonstrated and evidenced a clear pathway to meeting their Commercial Operations Date (COD) Target Date. Earlier-stage Projects that provided strong evidence of their development/delivery strategy, plan and schedule to COD, with key risks and mitigations identified. | <ul style="list-style-type: none"> Projects that had not achieved key milestones such as securing land tenure and progressing the grid connection process. For example: <ul style="list-style-type: none"> land required to develop the Project may not have been secured or evidence of tenure not provided. Projects that did not provide clear supporting evidence of their pathway to commercial operations and project milestones, including those that provided a COD Target Date not aligned with the supporting evidence. |

³ Projects seeking access rights in the South-West or Central West Orana REZ were not required to provide evidence of progress towards obtaining a grid connection.

Merit Criterion 3 – Organisational capability to deliver the Project

Under Merit Criterion 3, Proponents were evaluated on the organisational capability to deliver the Project, including the capability of the Proponent and its delivery partners and their track record.

| Relative strengths | Relative weaknesses |
|---|--|
| <ul style="list-style-type: none"> Proponents and/or delivery partners that demonstrated a track record of successfully delivering comparable projects. Where Proponents had a limited track record in comparable projects, a demonstrated ability to overcome this by: <ul style="list-style-type: none"> leveraging strong international experience and experience on other renewable energy technologies; and/or having secured team members and delivery partners that have strong experience in comparable projects. Proponents that had a good understanding of the skills and experience required to deliver the Project and provided details on the relevant capabilities and experience of corporate team, project team and delivery partners or advisors. | <ul style="list-style-type: none"> Proponents that lacked proven experience or failed to provide details of successful delivery of previous projects, specifically projects that are comparable to the proposed Project. Proponents that indicated experience but failed to detail their past track records and substantiate the current capability of their team and delivery partners. Proponents that had a weak understanding of the skills and experience required to deliver the Project and showcased limited progress towards securing experienced delivery partners or advisors. |

Merit Criterion 4 – First Nations engagement

Under Merit Criterion 4, Proponents were evaluated on their approach to engagement strategies and consultation with First Nations communities to build meaningful and mutually beneficial relationships and empower First Nations communities.

| Relative strengths | Relative weaknesses |
|---|--|
| <ul style="list-style-type: none"> Projects that provided comprehensive First Nations Engagement and Communications Plans, including evidence of ongoing collaborative engagement with local First Nations stakeholders, such as Traditional Owners. Projects that had a good understanding of the impacts and/or opportunities for the First Nations communities and provided evidence of how feedback had been incorporated in the Project's design, development and future implementation. Examples may have included: <ul style="list-style-type: none"> adjusting the Project site layout in response to feedback; and implementing and committing to the results of dispute resolution processes with First Nations communities. | <ul style="list-style-type: none"> Projects that provided limited details about First Nations communications, engagement and consultation, and/or provided limited evidence and documentation to support their claims. Projects that provided limited details or evidence of the impacts and opportunities of the Project on local First Nations communities. Proponents that provided First Nations engagement plans that were not tailored to the specifics of the Project. |

Merit Criterion 5 – Community engagement

Under Merit Criterion 5, Proponents were evaluated on their approach to stakeholder and community engagement. Proponents were required to present their approach to engagement with local communities and demonstrate positive approaches to inform, consult, involve, collaborate and empower the affected communities.

| Relative strengths | Relative weaknesses |
|---|--|
| <ul style="list-style-type: none"> Projects that provided evidence of early and ongoing engagement with affected communities and stakeholders including details of engagement outcomes, actions to address feedback, and future engagement plans. Projects that had strong complaints handling policies and processes in place, to build confidence and trust with the communities. Projects that demonstrated understanding of the impacts on the communities and had appropriate approaches to minimise and offset the Project's impacts, supported by evidence. | <ul style="list-style-type: none"> Projects that provided limited details about community engagement and/or provided limited or generic evidence and documentation to support their claims. Projects that lacked detail or evidence in relation to feedback from community engagement and how this feedback was going to be incorporated into the Project's development. |

What Proponents should demonstrate in future Bids?

- Consider the most appropriate time to participate in the CIS in your project's development cycle. It may be difficult to obtain higher merit if it is too early in the development cycle.
- Ensure that detailed descriptions and sufficient evidence is provided for all Merit Criteria. Projects can only be assessed on the information they provide.
- Provide documentation that demonstrates a clear, achievable path to project deliverability within the set timeframe.
- For projects in the earlier stages of development, consider providing evidence of previously successful projects that have met similar criteria to support their Bid and detail strong plans to achieve target milestones that mitigate development risks.
- Establish relationships and build trust with First Nations stakeholders and the local communities through consistent and respectful engagement, ensuring these engagements are reflected in the evidence provided in the Bid documentation.
 - To ensure clarity in future Bids, we recommend creating separate engagement and communication plans for Merit Criteria 4 (First Nations engagement) and Merit Criteria 5 (Community engagement).
 - The [First Nations and Social Licence Market Briefing Note](#) provides additional information to assist Proponents in preparing quality Bids that address Merit Criteria 4 and Merit Criteria 5.

Acknowledgement to Country | The Australian Government 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, present and emerging.

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