



Australian Government

Department of Climate Change, Energy,
the Environment and Water

Capacity Investment Scheme

Market Briefing Note | South Australia-
Victoria Tender: Stage A

May 2024



Purpose

This Briefing note provides a generalised assessment summary of the Project Bid stage (Stage A) of the Capacity Investment Scheme (CIS) South Australia-Victoria Tender (the Tender).

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 Tender Guidelines prevail in the case of any discrepancies with this note.

Overview

The Tender is part of the Australian Government's strategic initiative to drive investment in clean dispatchable capacity to enhance system reliability and reduce market volatility. On 23 November 2023, the Australian Government announced the

expansion of the Capacity Investment Scheme (CIS), with the expanded CIS to be rolled out from 2024 to 2027.¹ This Tender is a competitive process aiming to secure dispatchable capacity in South Australia (SA) and Victoria (Vic) and is seeking an indicative volume of 2,400 MWh of dispatchable capacity that will be operational before the end of 2027 to support system reliability.

Stage A of the Tender received a high level of interest, attracting a substantial number of Project Bids. The Project Bids successful in progressing to Stage B (Financial Value Bid Stage) demonstrated high total weighted merit and high merit against each individual Stage A Merit Criteria.

General Feedback

A strong Project Bid within this Tender was characterised as having high merit against each of the Merit Criteria and demonstrated:

- Connection locations and project configurations that enable a high relative contribution to system reliability.
- Demonstrated development progress with a clear pathway to project deliverability.
- Early, meaningful, and robust approaches to community and First Nations engagement.
- Well-articulated responses to the Merit Criteria, supported through strong evidence.

Proponents are only assessed on the information provided within the Project Bid form and supporting documentation. Competitive Bids provided comprehensive responses to Merit Criteria addressing requirements with strong evidence for assessment. In contrast, less competitive bids lacked comprehensive plans and strategies or failed to communicate them effectively.

¹ Capacity Investment Scheme, Department of Climate Change, Energy, the Environment and Water website.

Insights from Stage A assessment

Merit Criteria 1: Contribution to System Reliability and System Benefits

Under Merit Criteria 1, Projects are evaluated on their potential impact on the electricity system, including their contribution to system reliability. A Project’s contribution to reduction of unserved energy events was forecasted through modelling analysis. Technical configurations that alleviate network congestion or provide clearly demonstrated additional system benefits are also considered.

Relative strengths	Relative weaknesses
<ul style="list-style-type: none"> Projects connecting to network infrastructure with strong electrical connectivity to major load centres such as Melbourne and Adelaide. Projects with longer storage duration projects, all else being constant. Projects that may alleviate network congestion due to being located closer to constrained renewable energy projects or in high renewable energy resource areas that are expected to be constrained in the future. 	<ul style="list-style-type: none"> Project connecting to network infrastructure in locations with poor contribution to reliability. This could be due to: <ul style="list-style-type: none"> Connection point has poor electrical connection(s) to the major load centres of Melbourne and Adelaide, relative to other connection points. Connecting Projects whose capacity is larger than the voltage of the connection point can typically support.

Merit Criteria 2: Project Deliverability and Timetable

This criterion assesses the project’s path to deliverability within the proposed timeframe including the likelihood to achieve COD by 31 December 2027, the ability to meet key milestones, and the mitigation strategies for development and construction risks.

Relative strengths	Relative weaknesses
<ul style="list-style-type: none"> Projects that achieved material development milestones including advanced progress on relevant planning approvals and grid connection approval. Projects that demonstrated substantial progress with balance of plant and equipment suppliers (such as executed term sheets; completion of RFP and shortlisting). Projects that demonstrated a clear pathway to financing including evidence of progress. 	<ul style="list-style-type: none"> Development progress and milestone: Some Project Bids were at very early stage of obtaining development approvals and grid connection. Supporting evidence: Some Project Bids did not provide sufficient evidence to support status of approvals or unclear pathways to achieve development approval and grid connection. Contractor engagement and procurement strategies: Insufficient details were provided on the engagement with contractors and procurement approach.

Merit Criteria 3: Organisational Capability to Deliver the Project

This criterion focuses on evaluating the organisational capability, capacity, and proven track record of the Proponent and any relevant entities involved in delivering the project. This criterion is crucial for assessing whether the involved parties possess the necessary skills, resources, and experience to successfully execute and manage the project from start to finish.

Relative strengths	Relative weaknesses
<ul style="list-style-type: none"> Proponents that demonstrated a track record of successfully delivering comparable projects, either themselves or through secured delivery partners. Projects that provided details on the relevant capabilities and experience of the proponent's organisation, the project team, and delivery partners or advisors. Projects with a procurement strategy including key resources, delivery partners and/or advisors, and how these delivery partners will be secured and used to support the delivery of the project. 	<ul style="list-style-type: none"> Track record: Some Project Bids lacked proven experience or evidence of details of successful delivery of previous projects, specifically projects that are comparable to the proposed project. Capability: Insufficient detail in relation to the relevant experience and capabilities of project personnel and delivery partners, instead focussing on the experience of the broader proponent organisation.

Merit Criteria 4: Community and First Nations Engagement


Proponents need to present their approach to engaging with local community and First Nations, demonstrating an understanding of impacts, and incorporating feedback into project design and implementation under Merit Criterion 4.

Relative strengths	Relative weaknesses
<ul style="list-style-type: none"> Responses that clearly identified and demonstrated an understanding of the communities and stakeholders impacted by or interested in the project. Projects that provided evidence of early and ongoing engagement with impacted communities and stakeholders including details of past engagement outcomes, actions to address feedback received, and future engagement plans. Projects demonstrating consideration of place-based design and undertook culturally aware early and ongoing engagement with local First Nations groups and representative bodies. 	<ul style="list-style-type: none"> Tailored Community Information: There was a lack of specific detail and proactive evidence about engagement with local communities and First Nation stakeholders. Response to feedback: Some bids lacked detail in relation to the feedback received from engagement to date and how this feedback was being addressed through project design or planning. Future engagement: Insufficient details were provided in relation to future engagement across the lifecycle of the project aligned to key project milestones.

What Proponents should demonstrate in future Project Bids?

- Consider the right 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.
- Provide project management documentation to reflect a clear, achievable path to project deliverability within the set timeframe.
- For developments in the early stages of development consider providing evidence of previous projects that have met similar criteria to support their bid proposal.
- Establish relationships with local community and First Nation stakeholders through consistent and respectful engagement, ensuring these engagements are reflected in the bid documentation.

We encourage unsuccessful Proponents to use the feedback and recommendations provided in this briefing note to improve the competitiveness of future bids by focusing on project viability, alignment with policy objectives, innovation, economic value, and social and environmental responsibility.



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.

Disclaimer | The contents of this document are for information purposes only and may be subject to change. This document is not intended to provide any advice or imply any recommendation or opinion constituting advice. This document may include assumptions about future policy outcomes and generalisations. It may not include important qualifications, details or legal requirements. It may not reflect changes in approach since the date of publication.

Neither the Commonwealth of Australia as represented by the Department of Climate Change, Energy, the Environment and Water (the Commonwealth) nor AEMO Services Limited (ABN 59 651 198 364) (AEMO Services) guarantees the accuracy, currency or completeness of any information contained in this document. To the maximum extent permitted by law, the Commonwealth and AEMO Services will not be responsible for any loss caused by reliance on it. The information in this document is not a substitute for obtaining professional advice. Each of the Commonwealth and AEMO Services retain discretion to score and assess bids and make recommendations in accordance with the Tender Guidelines and nothing in this document should otherwise be construed as limiting the Commonwealth's or AEMO Services' discretions or other rights in the Tender Guidelines.

Copyright | © Commonwealth of Australia. The material in this publication is protected by copyright under Australian law.