



Central-West Orana Renewable Energy Zone (CWO REZ)

October 2024

Access Fee Guidelines

Updated Edition



ACKNOWLEDGEMENT OF 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

The CWO REZ Access Fee Guidelines (**Guideline or Guidelines**) supersede the information contained in the Draft Tender Information – CWO REZ Access Fee Update document published by the Consumer Trustee in September 2023 and the CWO REZ Access Fee Guidelines in April 2024.

These Guidelines are provided to prospective CWO REZ Access Rights Holders (**ARH**) connecting into CWO REZ. ARHs should ensure that they read these Guidelines carefully and in full as they contain important information on the fees payable (**Access Fees**) by ARHs to the Scheme Financial Vehicle (**SFV**), for connecting into the CWO Access Rights Network.

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

To the extent that these Guidelines may materially differ from 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 ARHs 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 CWO Access Fee Guidelines to outline the expected Access Fee methodology and CWO REZ Access Fee settings for the CWO REZ Access Scheme (**Access Scheme**) declared in the Access Scheme Declaration. They are intended to assist ARHs in understanding the expected Access Fees which will be payable by CWO 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 this time, 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 the Guidelines and the Access Right Agreements as defined in this document, the Access Right Agreements will prevail.

All dollar amounts in the Guidelines are in Australian dollars and all Access Fee values are presented in real terms unless otherwise stated.

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VERSION CONTROL

Version	Release date	Changes
Rev1	October 2024	The document has been revised to include updated cost and cost assumptions provided by EnergyCo, with adjustments made to the Access Fee Determination section to reflect the current position and to improve transparency for prospective Access Right Holders.

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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 Renewable Energy Zones (REZs) and meet the objectives of the NSW Electricity Infrastructure Roadmap (Roadmap).

The CWO REZ Access Scheme was formally declared on 19 December 2022,¹ outlining the electricity network that new generation and storage Projects (**Project**) will require rights to connect into (**Access Rights Network**). A holder of an Access Right may apply to connect an approved 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 outline for the CWO 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 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: Guideline Overview by Section

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 CWO REZ.
Section 2: CWO REZ Access Fee Structure	Outlines the Access Fee principles that inform the development of the Access Fee structure, explains the centralised procurement model used for Access Right Network assets, how Access Fees are structured, and important clarifications for the methodology.
Section 3: CWO REZ Access Fee Assumption and Calculation	Outlines how the 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 the CWO REZ Access Fee Calculator assumptions to help understand the calculation of Access Fees for each Project.

¹ Renewable Energy Zone (Central-West Orana) Access Scheme Order 2022 and Renewable Energy Zone (REZ) (Central-West Orana) Access Scheme (Amendment) Order 2024 under the *Electricity Infrastructure Investment Act 2020*.

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 CWO REZ

Term	Responsibilities
Infrastructure Planner (EnergyCo)	<p>EnergyCo as the appointed Infrastructure Planner is responsible for:</p> <ul style="list-style-type: none"> • Selecting and appointing the Network Operator, subject to authorisation by the Consumer Trustee • Administering the Access Scheme • Conducting an Application Process to grant the initial tranche of CWO REZ Access Rights (<i>applicable under initial tranche</i>) • To grant an Access Right or approve an increase in the maximum capacity if the Consumer Trustee has recommended the grant or increase (<i>applicable under a competitive tender</i>) • Advising the Consumer Trustee, where required, on future Access Rights tender processes • Providing inputs into the Access Fee calculations, including costs and assumptions for the Hub to Project (H2P) and Centralised System Strength (CSS) assets to be recovered through Access Fees • Entering into and enforcing the Access Project Development Agreement with ARHs • Recommending that the SFV enter into Access Payment Deeds with successful ARHs.
CWO REZ Network Operator	<p>The Network Operator is responsible for:</p> <ul style="list-style-type: none"> • Procuring and managing the construction of the Access Rights Network, including the H2P and CSS assets • Registering as a Transmission Network Service Provider (TNSP) in respect of the Access Rights Network and entering into the connection agreement with ARHs • Operating, maintaining, and controlling the Access Rights Network including the H2P and CSS assets over the concession period as a TNSP (once registered).
Consumer Trustee (AEMO Services)	<p>For Access Fees, the Consumer Trustee is responsible for:</p> <ul style="list-style-type: none"> • Determining the Access Fees for successful ARHs <p>For Access Rights, the Consumer Trustee is responsible for:</p> <ul style="list-style-type: none"> • Making rules, in consultation with the Infrastructure Planner, about the conduct of a competitive tender (following the initial tranche) in relation to the granting or increasing of Access Rights • Conducting a competitive tender in accordance with the rules • Making recommendations in the form of a report to the Infrastructure Planner based on the outcomes of future competitive tenders for Access Rights.
Scheme Financial Vehicle (SFV)	<p>The SFV is responsible for:</p> <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.
Australian Energy Regulator (AER)	<p>Under the EII Act, the AER is an appointed regulator under the NSW Electricity Infrastructure Roadmap and is responsible for:</p> <ul style="list-style-type: none"> • Making revenue determinations for any authorised REZ network infrastructure Projects that are paid by consumers through the SFV, which informs Access Fee design with respect to recovering relevant costs from ARHs.

1.2 Relevant documents and contractual structure

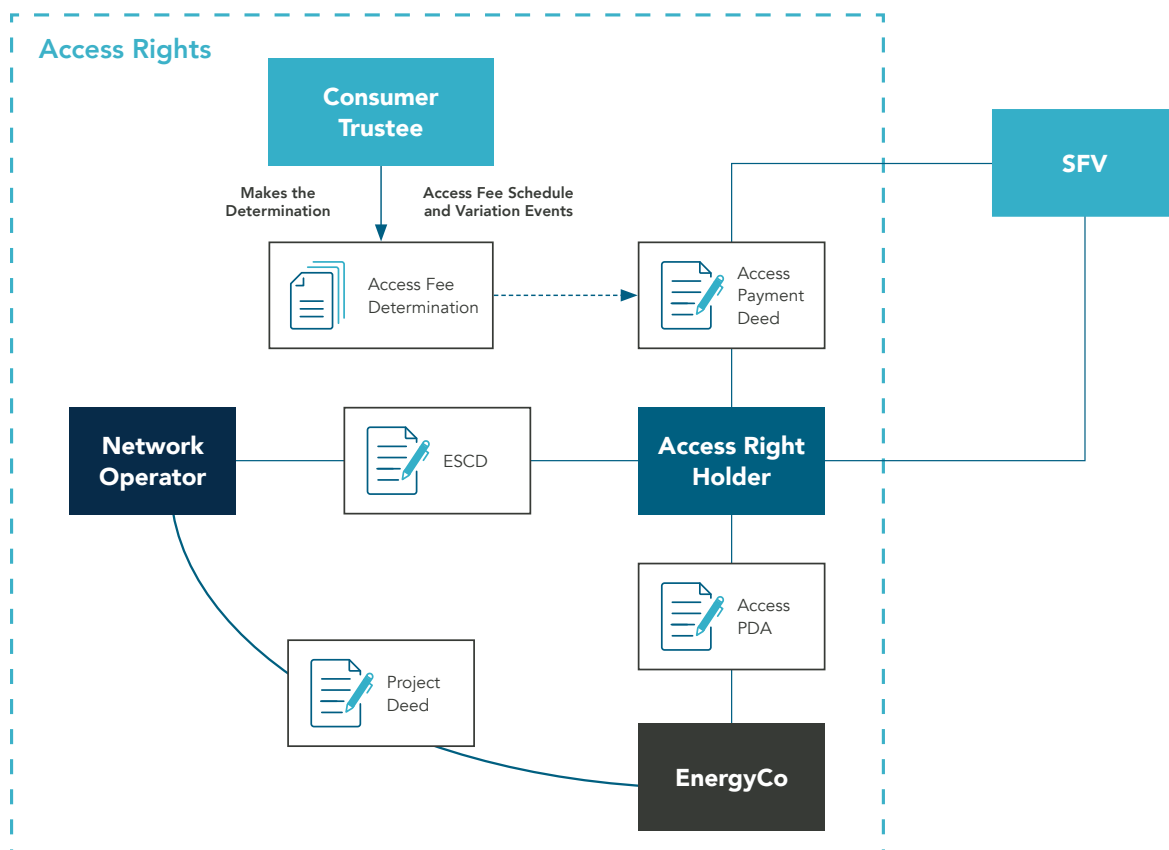
This document should be read in conjunction with the latest version of the documents set out in the table below, where available. The documents relating to Access Fees are the Access Fee Calculator, Access Payment Deed, and the Access Fee Determination, which are described within these Guidelines.

Table 3: Relevant documents

Documents and Tools	Description
Access Fee documents	
Access Fee Calculator	Published by AEMO Services, this allows Access Fees to be estimated for individual Projects. Project specific cost and cost assumptions are provided by EnergyCo.
Access Payment Deed (APD)	The APD is executed by the ARH and the SFV and sets out the terms for providing securities and paying the Access Fees (as determined under the Access Fee Determination) to the SFV.
Access Fee Determination (AFD)	The AFD is the statutory decision by the Consumer Trustee, and contains the Access Fee Schedule for each Project, which will be reflected in the APD. 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 license commitments and other terms and conditions of the Access Right.
Energy Supplier Connection Deed (ESCD)	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.
Project Deed	The Project Deed between EnergyCo and the Network Operator contains the obligations, development, and construction milestones for the Access Rights Network.

The diagram in Figure 1 provides an overview of the key Access Right Agreements to support the delivery of the CWO REZ Access Scheme.

Figure 1: Contract structure applicable to CWO REZ Access Rights



2. CWO REZ 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 considerations and minimum requirements that must be met in the structuring and setting of Access Fees.

2.1 CWO 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; and
- Other principles prescribed by the regulations.

Subsections 26-(2) and (4) of the EII Act mandate that a component of the Access Fee is 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 Fee the Consumer Trustee must have sought advice from the Employment Purpose Advisory Committee.²

The Consumer Trustee will also take into account other mandatory legal considerations, including the long-term financial interests of NSW electricity customers.

2.2 Centralised procurement of Centralised System Strength and Hub to Project components

For the initial allocation of Access Rights, EnergyCo has developed a centralised procurement model (**IP-led model**) for H2P, and CSS on the Access Rights Network, which will be procured and delivered by the Network Operator for Projects connecting into the Access Rights Network.³

A key feature of the Access Fee structure for the CWO REZ is that the expected costs to consumers associated with H2P and CSS assets will be recovered from ARHs.

² Employment Purpose Advisory Committee under s34W(1)(b) of the *Energy and Utilities Administration Act 1987* (NSW). The CWO REZ Access Fee will include a component allocated to fund community benefit sharing and employment initiatives in impacted communities in the region, as required by the EII Regulation (see Base Fee in section 2.4).

³ H2P and CSS assets may not be available under future allocations of Access Rights in CWO REZ.

2.3 Delivery of connection infrastructure

The EnergyCo Application Process for the initial allocation of CWO REZ Access Rights may be the only opportunity for ARHs to opt for the central delivery (IP-led model) of H2P assets. Should ARHs be unsuccessful in the initial allocation of CWO REZ Access Rights, H2P network infrastructure may not be included as part of the CWO REZ Access Rights in future tender rounds.

Where H2P infrastructure is not included, ARHs will need to finance and procure the delivery of connection assets (**ARH-led model**). ARHs awarded Access Rights in future tender rounds are not expected to be required to pay the H2P Fee component of Access Fees.

The differences between the two models are shown in the table below:

Table 4: IP and ARH-led model comparison

Description	IP-led model	ARH-led model
Availability	Only during the process for allocating the initial tranche of CWO REZ Access Rights	Subsequent allocations of CWO REZ Access Rights
Land/development approvals for route	EnergyCo	ARH
Design, Procurement, Construction, Financing	Network Operator	ARH (contestable elements), Network Operator (non-contestable elements)
Ownership, operations & maintenance	Network Operator	ARH (contestable elements), Network Operator (non-contestable elements)

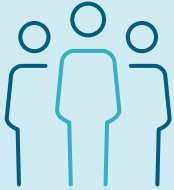
2.4 Structure of Access Fees

Access Fees are expected to consist of three components listed in the table below; a Base Fee paid by ARHs for holding an Access Right, and two fee components designed to recover the cost of H2P and CSS assets in CWO REZ.

The assumptions for these components are listed in detail in the Appendix.⁴ These assumptions are used as inputs to calculate the components of the Access Fees in the 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 new information that necessitate changes to the Access Fee methodology, the Consumer Trustee will act according to the principles outlined in section 2.1 and notify ARHs immediately of any changes.

Table 5: Access Fee components

Fee Component	Scope of Fee
Base Fee	Contributes to community benefit sharing initiatives and employment initiatives in the REZ; CWO Access Scheme administration; with residual amounts used to reduce consumer contributions to the costs of CWO REZ.
Hub to Project Fee (H2P Fee)	Contribution required to offset the cost of an ARH's H2P infrastructure asset. The H2P Fee is calculated using Project specific costs provided by EnergyCo from the Network Operator.
Centralised System Strength Fee (CSS Fee)	Contribution required to offset the cost of CSS infrastructure asset. The CSS fee is calculated based on costs provided by EnergyCo from the Network Operator.



Community and Employment (C&E) initiatives

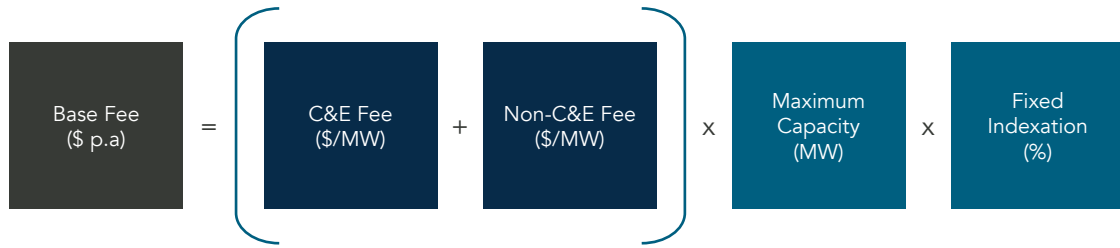
AEMO Services anticipate that most of the Base Fee will go towards supporting community and employment programs and initiatives. The figures are \$1,700/MW p.a. for community purposes, and \$600/MW p.a. for employment purposes.

⁴ Assumptions may be subject to change at the discretion of the Consumer Trustee.

Base Fee

The Base Fee will include a component to fund community benefit sharing and employment initiatives in the REZ⁵ (**C&E Fee**), with the remainder used to fund Access Scheme administration and reduce consumer contributions to the costs of CWO REZ (**Non-C&E Fee**). The Base Fee component is a fixed per megawatt per annum fee of maximum approved capacity under an Access Right. The formula for the Base Fee is set out below in Figure 2.

Figure 2: Base Fee for access to CWO REZ



The Base 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; and
- Fees are indexed at 2.5% per annum.

The C&E Fee component of the Base Fee is a statutory requirement under the EII Act and is payable for the duration of the Access Right.

It is important to note that the Base Fee will be determined by the Consumer Trustee, having regard to a range of statutory considerations.

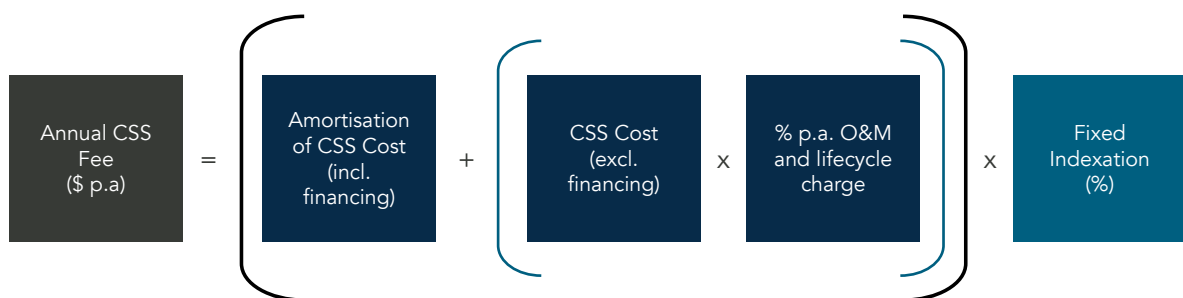
Fees to recover costs of centrally delivered CSS and H2P assets

The fee components below are intended to offset the costs of the CSS and H2P infrastructure having regard to the technical advice and inputs from the Infrastructure Planner (**EnergyCo**).

CSS Fee

The CSS Fee relates to the CSS infrastructure for ARHs connecting to the Access Rights Network. This component is a fixed per megawatt per annum fee of maximum approved capacity under an Access Right. The formula for the CSS Fee is set out below in Figure 3.

Figure 3: CSS Fee calculation



⁵ Refer to EII Act Section 26-(2) and 26-(4). Note that this fee is subject to the discretion of the Consumer Trustee Board, provided it remains within the minimum amounts prescribed by Regulation (Reg 56 and 57).

The CSS Fee is expected to be calculated using the following assumptions:

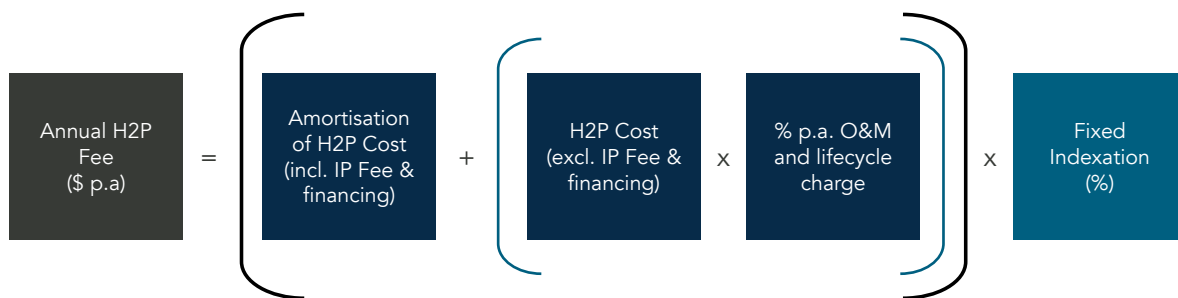
- **Amortisation of CSS Cost:** CSS costs are amortised over their expected asset lives which is 40 years. ARHs pay a \$/MW fee based on their proportion of the expected capacity to be serviced by CSS assets (5.84GW). The CSS asset is amortised to a residual Terminal Value;
- There is an O&M and lifecycle component of the CSS Fee, set at 1.00% of the CSS Cost (excluding financing); and
- Fees are indexed at 2.5% per annum from 1 January 2029.

For more information on the cost breakdown and assumptions, see the Appendix.

H2P Fee

The H2P Fee relates to the network infrastructure between the energy hub and the ARH's Project. The H2P Fee is expected to be calculated based on the costs to be incurred by the Network Operator and the Infrastructure Planner for each individual Project, reflecting the specific design of a Project's H2P infrastructure. The formula for the H2P Fee is set out below in Figure 4.

Figure 4: H2P Fee calculation



The H2P Fee is expected to be calculated using the following assumptions:

- **Amortisation of H2P Cost:** This component amortises the H2P Cost (including financing costs) associated with the Project, including H2P capex provided by the Network Operator (transmission, switching station and on & off Prelims, Design and Overheads) and IP Fees.⁶ The H2P asset is amortised to a residual Terminal Value;
- A 10% contingency is added to H2P capex (excluding financing costs);
- Fees are indexed at 2.5% per annum; and
- The O&M and lifecycle charge contribution is set at 1.00% of the H2P capex (excluding IP Fee & financing).

2.5 Important clarifications

Multiple Connection Points

Under the CWO 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 a separate Access Fee Determination will be made for each connection point of the Project.

Technology

The Access Scheme does not require load-only assets to obtain Access Rights or pay associated Access Fees.

System strength for standalone storage Projects

Standalone storage Projects are not required to pay the CSS Fee but will be required to self-remediate any system strength impact under the NER framework and pay the Base Fee and H2P Fee (if there are any associated H2P costs).

⁶ Please see Appendix Table 7 for further information.

Self-remediation of system strength by hybrid Projects

CSS fees for hybrid Projects (Projects with both generation and storage components behind the connection point) may be decreased through an adjustment of Access Fees under the Access Fee Determination if the Project can demonstrate CSS remediation in accordance with the Infrastructure Planner's CSS Fee Reduction Methodology. The Infrastructure Planner's CSS Fee Reduction Methodology and process for initiating and applying a CSS fee reduction will be specified in the Access PDA for hybrid Projects. See section 4 of these Guidelines in relation to adjustments to Access Fees and Variation Events.

Goods and Services Tax (GST)

Access Fees specified in the Determination are exclusive of GST. As a result, the Access Fee set out in the Access Fee Calculator are exclusive GST. If GST is payable, or notionally payable, then payments of GST will be in accordance with the Access Payment Deed.

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 resulting in a new Access Fee Determination. Without limitation, these Access Fees may include components to continue the recovery of the costs of H2P and CSS infrastructure noting that the economic life of those assets exceeds the term of the current and initial Access Scheme.

Contingency allowance for H2P Fees

A 10% contingency allowance is included in the H2P Fee component. This is to account for any cost risk exposures and uncertainties in H2P costs. The Access Fee Determination may allow for a Variation Event which allows for a decrease to the H2P Fee for any contingencies which do not materialise before the Payment Term Start Date (see Section 4).

Terminal Value

The CWO REZ concession period is expected to last for 35 years, which implies an expected operational term of 31 years (allowing for the construction period). However, the CWO REZ H2P and CSS infrastructure assets have an estimated economic useful life of 50 years and 40 years, respectively. As a result, the Access Fee payable by ARHs are reduced to account for the proportion of the H2P and CSS asset life utilised by ARHs, resulting in a Terminal Value being the remaining unamortised value for H2P and CSS assets.

H2P amortisation

H2P assets are amortised over their asset life, which is expected to be 50 years. ARHs will pay the amortisation of H2P assets over the Payment Term. Should the Access Fee Payment Date occur after the expected Payment Term Start Date that was used in the Access Fee Calculator, ARHs will pay the same overall H2P capex, as this will be reamortised over the Payment Term.

CSS amortisation

CSS assets are amortised over their asset life, which is expected to be 40 years. The CSS Fee is a fixed per megawatt per annum fee of maximum approved capacity under an Access Right. The CSS Fee will not be re-amortised or adjusted due to changes in Payment Term or Connection Term, as it is associated with shared infrastructure that can be utilised by any replacement entrants.

3. CWO Access Fee Assumptions and Calculation

This section summarises the expected assumptions and calculation methodology for each component of the CWO REZ Access Fee. **The calculation is a guide only and should not be treated as the final Access Fee Determination of the Consumer Trustee.**



Cost and Cost Assumptions

AEMO Services and EnergyCo will provide the relevant cost and cost assumptions, listed in the Appendix, to provide transparency on inputs.

3.1 CWO Access Fee Calculator and assumptions

The Access Fee Calculator is designed to assist ARHs to estimate their expected Access Fees. It also provides all stakeholders, including competing ARHs and NSW electricity customers, with transparency on the inputs used to determine the Access Fees.

The Access Fee Calculator applies the calculation methodology used to estimate a Project's Access Fee and includes prepopulated values of the following inputs:

- **Base Fee and global assumptions**, provided by AEMO Services set out in Appendix Table 6;
- **H2P and CSS costs assumptions**, provided by EnergyCo as set out in Appendix Table 7; and
- **ARHs' Bid Variables**, provided by ARHs as part of their applications or bids for Access Rights as set out in Appendix Table 8.

Using the inputs above, the Access Fee Calculator produces the quarterly estimates for the following components of the Access Fees:

- Base Fee;
- CSS Fee; and
- H2P Fee.

Access Fees are expected to be payable quarterly, in advance. The Access Fee Calculator is intended to be used for the purpose of assisting ARHs in understanding the Access Fee estimates, and for the Consumer Trustee to consider in determining the final Access Fees for each Project. Fees are estimated in real values and will be increased at a fixed rate of 2.5% p.a. compounded quarterly, from 1 January 2029 onwards.

Timing of initial Access Fee Payment

The APD 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 CT 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 (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 Determination is to be made following the selection of final ARHs for each Project. At this time, successful ARHs will be required to enter into an APD with the SFV, and the Access PDA with the Infrastructure Planner. It is anticipated that a final Determination will be made following the execution of the Access PDA but before signing the APD.

4.2 Adjustments to Access Fees

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

4.3 Variation Events

The Variation Events that may be included in a Determination are described below. Notably, except for an Approved maximum capacity change, the Access Fees may only be varied in respect of Variation Events before the Payment Term Start Date. Inclusion of Variation Events will be at the discretion of the Consumer Trustee.

- **Approved maximum capacity change:** The maximum capacity may change after the Determination. Increases to the maximum capacity (approved by the Infrastructure Planner) through the Access PDA are expected to increase the Base Fee and CSS Fee proportionally. Reductions in maximum capacity may only result in a decrease of up to 5% of the Base Fee and CSS Fees.
- **H2P scope change:** If changes to Project Characteristics or Key Project Equipment (as defined in the Access PDA) that change the scope of the H2P are requested by the ARH and approved by the Infrastructure Planner, the H2P Fee can be adjusted to reflect the change in H2P costs as a result of the scope change.
- **H2P capex change:** If realised H2P costs are lower than the assumption used to determine the H2P Fee (e.g. if contingencies do not eventuate), the H2P Fee would be reduced. Reductions are limited to up to 10% of the H2P Fee (excluding financing costs).
- **H2P asset sharing:** Projects by different ARHs may share H2P assets such as double circuit transmission towers. Should this occur, the Consumer Trustee will apportion H2P Fees between Projects in accordance with the Access Fee Determination.
- **CSS fee reduction event:** If a Project with a grid-forming bidirectional unit behind the same connection point as a generating unit is able to demonstrate adequate self-remediation of its system strength impact in accordance with the Infrastructure Planner's CSS fee reduction methodology, the CSS Fee may be reduced by a maximum of 45% at the discretion of the Consumer Trustee.
- **Connection term adjustment:** The connection term, which is the tenor of the ESCD, may increase and require re-amortisation of the H2P Fee to ensure that the H2P costs specific to the Project are repaid over the revised tenor. The CSS Fee and Base Fee are not proposed to be re-amortised, as they are associated with shared infrastructure that can be utilised by any ARHs.
- **Payment delay event:** A Payment Delay Event occurs if the Access Fee Payment Date is after the expected Payment Term Start Date that was used in the Access Fee Calculator. This will result in an increase to the H2P Fee due to re-amortisation of the Total H2P Capex over the revised (shorter) Payment Term.

5. Appendix⁷

5.1 CWO REZ Access Fee Calculator Assumptions

Table 6: Base Fee and Global Assumptions to be determined by the Consumer Trustee

Access Assumptions Input	Unit	Amount	Used in	Notes
Base Fee Assumptions				
Community and Employment Fee (C&E Fee)	AUD\$ per MW per annum	\$2,300	Calculating the Base Fee	This fee includes the amounts prescribed in sections 26-(2) and (4) of the EII Act to fund Community and Employment Benefits.
Administration Fee (Non-C&E Fee)	AUD\$ per MW per annum	\$500	Calculating the Base Fee	To cover CWO Access Scheme administration costs incurred by the Infrastructure Planner. Note, the application costs are borne by the NSW Government and are not charged back per annum to ARHs.
Network Infrastructure Contribution Fee	AUD\$ per MW per annum	\$1,200	Calculating the Base Fee	Residual amounts retained by the SFV to reduce consumer contributions to the costs of CWO REZ network infrastructure. This fee contributes to the cost of constructing and maintaining the CWO REZ transmission network as required by section 26-(1) of the EII Act.
Global Assumptions				
Fixed Indexation	% per annum	2.50%	Calculating the Base Fee	Escalates all Access Fees on a quarterly basis. The base date for fixed indexation is anticipated to be 1 January 2029.

Table 7: H2P and CSS Cost Inputs and Cost Assumptions provided by EnergyCo

Access Assumptions Input	Unit	Amount	Used in	Notes
CSS Fee Assumptions				
CSS Fee charge	AUD\$ per MW per annum	\$12,977	Calculating the CSS Fee	Provided by EnergyCo, this estimate is based on the cost of synchronous condensers to meet the Fee required capacity and short circuit ratio at the time the REZ is commissioned.
CSS – O&M and lifecycle charge	% of capex (excl. financing), paid annually	1.00%	Calculating the CSS Fee	This charge is based on market benchmarks sourced from EnergyCo for the estimated annual operations and maintenance cost.
CSS useful life	Years	40	Calculating the CSS Fee	Based on advice from EnergyCo.
CSS assumed Cost of Capital	% per annum	7.00%	Calculating the CSS Fee	Assumed financing cost of capital expenditure on CSS assets, provided by EnergyCo.

⁷ Assumptions may be subject to change at the discretion of the Consumer Trustee.

Access Assumptions Input	Unit	Amount	Used in	Notes
H2P Fee Assumptions				
H2P Fee charge	Total project specific H2P capex	Project specific	Calculating the H2P Fee	Provided by EnergyCo, this is based on the specifications of each project provided through the Application Process. The H2P construction financing cost is 18% of capex.
H2P – O&M and lifecycle charge	% of capex (excl. IP Fees and financing), paid annually	1.00%	Calculating the H2P Fee	This charge is based on market benchmarks sourced from EnergyCo for the estimated annual operations and maintenance cost.
H2P useful life	Years	50	Calculating the H2P Fee	Based on advice from EnergyCo.
H2P assumed Cost of Capital	% per annum	7.00%	Calculating the H2P Fee	Assumed financing cost of capital expenditure on H2P assets, provided by EnergyCo.
H2P assumed Contingency	% of total H2P capex (excl. financing)	10%	Calculating the H2P Fee	The contingency is to account for any cost risk exposures and uncertainties in H2P costs. The Access Fee Determination may allow for a variation to the H2P Fee for any contingencies which do not materialise.
Transmission Costs	AUD\$ million	Project specific	Calculating the H2P Fee	This represents the cost of the transmission line (shared cost applicable to some Projects) connecting the Project with the energy hub. Provided by EnergyCo.
On & Off-site Prelims, Design and Overheads	AUD\$ million	Project specific	Calculating the H2P Fee	This represents the preliminary and overhead costs which include contractor overheads, and time-related costs associated with managing the Project, borne by the Network Operator to deliver the H2P assets. Provided by EnergyCo.
Switching Station Costs	AUD\$ million	Project specific	Calculating the H2P Fee	This represents the costs borne by the Network Operator to deliver the switching station assets. Provided by EnergyCo.
Infrastructure Planner Fee	AUD\$ million	Project specific	Calculating the H2P Fee	This component includes costs borne by the Infrastructure Planner for land access, easements, biodiversity offsets. Provided by EnergyCo.

Access Assumptions Input	Unit	Amount	Used in	Notes
General Fee Assumptions				
Terminal Value ⁸	AUD\$ million	Project specific	Calculating the Terminal Value of H2P/CSS assets	Provided by EnergyCo, this is the residual value of the H2P and CSS assets, based on a useful life (see values above), and straight-line amortisation with 2.5% appreciation per annum.
Access Fee Payment Date	Date	Project specific	Determining the start date of the Access Fee payment schedule	As defined in the Access Payment Deed.

Table 8: CWO REZ ARHs Bid Variables provided by the ARH

Access Assumptions Input	Unit	Amount	Used in	Notes
Maximum Capacity	MW	Project specific	Calculating the Base Fee and CSS Fee in the APD	Provided by ARHs. Note that other assumptions such as H2P costs are based on the Project's maximum capacity known to EnergyCo, and therefore bidding a different maximum capacity to that in the APD may necessitate a change to those assumptions.
Payment Term	Years	Project specific	Calculating all Access Fee components	<p>The Access Fee is payable from the Access Fee Payment Date until the earlier of:</p> <ul style="list-style-type: none"> i. the date the Access Right has expired; and ii. the date that this document is terminated in accordance with clause 7 ("Default and Termination"). <p>This is expected to match the Project's connection term (ESCD tenor).</p>

⁸ The CSS and H2P assets have useful lives that are longer than the provisional concession period of the Access Scheme (expected to be up to 35 years) and the correlating maximum term of the Access Payment Deed. EnergyCo intends to agree a pre-determined terminal value for these assets with the NO based on the concession period. The Access Fee Calculator estimates the Access Fee to recover the costs of these assets up to the expected terminal value.

6. Glossary

Term	Definition
Access Fee Payment Date	As defined in the APD
Administration Fee	A Base Fee component paid by ARHs to the SFV to cover the Infrastructure Planner's administration costs for the CWO REZ
APD	CWO REZ Access Payment Deed between an ARH and the SFV
Application Process	The Application Process for CWO REZ Access Rights which is being administered by EnergyCo
Access PDA	CWO REZ Access Project Development Agreement between an ARH and EnergyCo
Access Fee Determination	The statutory decision of the Consumer Trustee that sets out Access Fees for each individual Project and how they may be adjusted for certain events
Access Right	Access Right as defined in the Access Scheme Declaration
Access Right Agreements	Access PDA and Access Payment Deed
ARH	A person who holds an Access Right granted under the Access Scheme Declaration
Access Scheme Declaration	The Access Scheme Declaration titled 'Central-West Orana Renewable Energy Zone (Central-West Orana REZ) Access Scheme' declared by the Minister under the EII Act, Section 24(1), on 19 December 2022 and published in the New South Wales (NSW) Government Gazette on 23 December 2022, as amended from time to time
AER	Australian Energy Regulator
C&E Fee	The Community and Employment Fee that contributes to community benefit sharing initiatives and employment initiatives in the REZ
CSS	Centralised System Strength
CSS Fee Reduction Methodology	As defined in the Access PDA
Consumer Trustee	AEMO Services has been appointed as the Consumer Trustee under the EII Act
CWO REZ	Central-West Orana Renewable Energy Zone
EII Act	<i>Electricity Infrastructure Investment Act 2020 (NSW)</i>
EII Regulations	<i>Electricity Infrastructure Investment Regulations 2021 (NSW)</i>
EnergyCo	Energy Corporation of NSW
ESCD	The Energy Supplier Connection Deed, being an agreement or deed between the NO and an ARH
H2P	Hub to Project Gate
Infrastructure Planner	EnergyCo has been appointed the Infrastructure Planner for the CWO REZ under section 19 of the EII Act
Network Operator	CWO REZ Network Operator
O&M	Operation and Maintenance
Payment Term	The period of time over which payments are required to be made to the SFV under the APD, commencing on the Access Fee Payment Date and ending on the earlier of the expiry of the Access Right or the termination of the Access PDA.
Payment Term Start Date	The start date for the Payment Term, included as the "Payment Term, start date" in the Access Fee Calculator (Project)
Project	A physical electricity generation or storage facility built with respect to which an Access Right is sought by an ARH, including any proposed supporting network remediation and connection asset.

Term	Definition
Project Characteristic	The Project specific features of a CWO REZ Access Right Project, defined in the Access PDA. The key technical characteristics of a Project, including its registered capacity, maximum capacity, fuel source and operational life
Project Deed	CWO REZ Project Deed between EnergyCo and the Network Operator
REZ	Renewable Energy Zone
Network Infrastructure Contribution Fee	A residual Base Fee component paid by ARHs that is retained by the SFV to reduce consumer contributions to the costs of CWO REZ
Roadmap	NSW Electricity Infrastructure Roadmap
SFV	Scheme Financial Vehicle
Terminal Value	The residual value of H2P and CSS assets, based on a useful life of 50 and 40 years respectively
TNSP	Transmission Network Service Provider
Variation Event	Each of the events described in Section 4.3 and included in the Access Fee Determination