



# Draft Tender Information - CWO REZ Access Rights

June 2023



## 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

## PURPOSE OF THIS DOCUMENT

The information contained in this Draft Tender Information - CWO REZ Access Rights document (this Document) is indicative only and subject to change. This Document provides potential Proponents for CWO REZ Access Rights with an overview of the CWO REZ Access Scheme and CWO REZ Access Rights. It contains key information potential Proponents should be aware of, as well as a summary of information for the purposes of supporting tender preparation and gathering feedback ahead of the first tender in which CWO REZ Access Rights will be available, anticipated to commence in October 2023 - Tender Round 4. The purpose is further described in [Section 1.1](#) of this Document.

## DISCLAIMER

The information in this Document is indicative only and subject to change. It is provided to the market for information and consultation purposes only. The positions in this Document are subject to further consideration before a tender containing CWO REZ Access Rights is released to the market.

Final positions will be outlined in the Tender 4 Guidelines in accordance with the *Electricity Infrastructure Investment Act 2020* (EII Act), *Electricity Infrastructure Investment Regulation* (EII Regulation), Tender Rules and associated regulatory instruments.

## NO RELIANCE

No information in this Document is, or should be relied upon as, a promise or representation of any matter. The Consumer Trustee expressly disclaims any and all liability for any loss or damage (whether direct, indirect or consequential) suffered or incurred by any person relying on this Document or in connection with the provisions or contents of this Document, including as a result of any omission, inadequacy, insufficiency, or inaccuracy in the contents of this Document (including, without limitation, any liability arising from any representation, fault or negligence).

The Consumer Trustee makes no representation that the information in this Document will be reflected in the Tender 4 Guidelines, Project Documents, final access fee or any other tender documentation.

## ROLE OF THE ENERGY CORPORATION OF NSW

In relation to recommendations to grant Access Rights and setting Access Fees in a Tender Round, EnergyCo has the following roles and influences over the Tender Round:

- Under the EII Act and EII Regulation,<sup>1</sup> EnergyCo, as the Infrastructure Planner for the CWO REZ, is responsible for allocating Access Rights. To support EnergyCo undertaking this function, AEMO Services, as the Consumer Trustee, conducts the competitive tenders that enable Proponents to bid for Access Rights. If a Tender Round includes Access Rights, then before the commencement of the tender, EnergyCo will provide AEMO Services with the specific information to enable AEMO Services to offer Access Rights and evaluate a bid for Access Rights.
- AEMO Services, as the Consumer Trustee, is responsible for setting Access Fees.<sup>2</sup> If a Tender Round includes Access Rights, then before the commencement of the Tender Round, EnergyCo will provide AEMO Services with input in relation to the relevant access fee, to assist the Consumer Trustee to determine access fees.
- EnergyCo is an advisor to AEMO Services for the purpose of AEMO Services undertaking its evaluation of bids from Proponents seeking Access Rights. If a Tender Round includes Access Rights, EnergyCo has certain functions relating to the evaluation of bids for an Access Right and will provide AEMO Services with technical input as the subject matter expert and having regard to its function as the Infrastructure Planner, on:
  - Access Rights Projects connecting to REZ Network Infrastructure; and
  - The portfolio assessment of Access Rights Projects, including with regard to the Infrastructure Planner's role in the Access Scheme Declaration.

## FINALISED TENDER GUIDELINES AND ANNOUNCEMENTS

Final tender documentation for Tender Round 4 will be released ahead of the Tender Commencement Date.

The target Tender Commencement Date for Tender Round 4 will be in October 2023. Proponents will be notified of the confirmed date via further communications on AEMO Services' [website](#).

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## VERSION CONTROL

Version	Release date	Changes
1.0	19 June 2023	

<sup>1</sup> cl 42C(3)(e) of the EII Regulation.

<sup>2</sup> Section 26(1) of the EII Act.

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# CWO REZ Access Scheme and Access Rights

This Draft Tender Information – CWO REZ Access Rights document provides information to prospective Proponents seeking a CWO REZ Access Right.

This Document contains detail specific to the CWO REZ Access Scheme and CWO REZ Access Rights, including:

- What Proponents need to know ahead of participating in a Tender Round
- Overview of the CWO REZ Access Scheme and CWO REZ Access Rights
- Key benefits of securing a CWO REZ Access Right
- Overview of the CWO REZ Connection Process
- CWO REZ Access Fee information and methodology
- Information on seeking a CWO REZ Access Right in Tender Round 4 and the tender process
- Security bonding requirements
- Future tenders for CWO REZ Access Rights and LTESAs

# 1. Executive summary

**AEMO Services, as the NSW Consumer Trustee, plans to commence its Q4 tender (Tender Round 4) in October 2023, and will include CWO REZ Access Rights and Generation LTESAs.**

Tender Round 4 is expected to offer Generation LTESAs and CWO REZ Access Rights. The Tender Round will be open to all eligible renewable energy Projects in NSW connecting to existing transmission and distribution infrastructure, and eligible renewable energy and storage infrastructure in the CWO REZ seeking to connect to the new REZ Network Infrastructure (RNI).

The Consumer Trustee expects to publish an addendum to the Tender Guidelines for each REZ, as new REZ Access Rights become available. These addenda will provide relevant information for prospective Proponents to familiarise themselves with the scope and structure of the relevant REZ Access Scheme and Access Rights. It will also provide key information for potential Proponents to assist them with tender preparation and to make bids for REZ Access Rights and/or LTESAs in the relevant Tender Round.

As outlined in the Important Notice above, the Energy Corporation of NSW, acting as the Infrastructure Planner (EnergyCo), will provide the Consumer Trustee with relevant advice and information pertaining to each REZ Access Scheme and Tender Rounds where REZ Access Rights will be offered.

This Document contains relevant information about the CWO REZ Access Scheme and CWO REZ Access Rights tender process. Once finalised, the information herein will inform the final CWO REZ Access Scheme Addendum and the Tender Guidelines for the relevant Tender Round.

## 1.1 About Tender Rounds

As the NSW Consumer Trustee, AEMO Services conducts competitive tenders (Tender Rounds) to incentivise investment in electricity generation, storage and firming infrastructure through LTESAs and network access rights in REZs.

Tender Rounds are designed to support quality Projects that are capable of delivering infrastructure that is in the long-term financial interests of NSW electricity customers. This is done by:

- Allowing the market to shape the mix of Projects in each Tender Round to support our legislated investment objectives;
- Offering multiple Products to the market across Tender Rounds;
- Retaining flexibility to recommend LTESAs for greater or lesser capacity than indicated in the IIO Report if it is in the long-term financial interests of NSW electricity customers;
- Conducting rolling Tender Rounds, allowing flexibility for Proponents to choose when to bid based on the maturity of their Projects and technology type;
- Having Tender Rounds open to all Projects that meet the Eligibility Criteria of being in the NSW region of the NEM to maximise participation in each Tender Round; and
- A tender process designed to provide certainty and transparency to Proponents.

Refer to Section 1.2 of the [Tender 3 Guidelines](#) for further information on AEMO Services' tenders.

## 1.2 Purpose and contents of this Paper

This Document provides potential Proponents with relevant information about the:

- CWO REZ Access Scheme;
- CWO REZ Access Right and the benefits of this Product, as detailed in [Section 3.3](#); and
- CWO REZ Access Rights tender process.

Further, it contains information potential Proponents should be aware of to support preparation ahead of the first tender for CWO REZ Access Rights, which is anticipated to commence in October 2023 – Tender Round 4. This Document is in draft and expected to change. It has been published to allow potential Proponents to familiarise themselves with the general scope, structure, and key features of CWO REZ Access Rights.

The Consumer Trustee, working with EnergyCo, expects to finalise the terms and conditions of CWO REZ Access Rights and publish this Document in its final form alongside the Tender Round 4 Guidelines in September 2023.

The Consumer Trustee and EnergyCo are committed to maintaining an open and ongoing dialogue with our stakeholders and welcome feedback and clarifying questions on the content and processes outlined in this Document. Please contact us via [stakeholderengagement@aemoservices.com.au](mailto:stakeholderengagement@aemoservices.com.au)



## 2. What Proponents need to know

This information is indicative only and subject to change. Final positions will be outlined in the Tender 4 Guidelines in accordance with the EII Act, EII Regulation, Tender Rules and associated regulatory instruments.

This section contains an overview of key items that Proponents seeking CWO REZ Access Rights need to consider ahead of Tender Round 4.

Key item		What you need to know
<b>Indicative LTESA tender size</b>	LTESA tender size will be published in Tender 4 Guidelines. The indicative tender size for Generation LTESAs as set out in the 2023 draft IIO Report is 3,000GWh p.a.	<ul style="list-style-type: none"> <li>• LTESAs are not expected to be available for long-duration storage infrastructure in Tender Round 4.</li> <li>• LTESAs will be recommended based on eligibility and merit assessment. LTESAs are open to all Projects in NSW and competition for LTESAs in Tender Round 4 is anticipated to be high.</li> </ul>
<b>Indicative CWO REZ Access Rights tender size</b>	CWO REZ Access Rights: Up to 5.84 GW. <sup>3</sup>	<ul style="list-style-type: none"> <li>• The process by which the Consumer Trustee may recommend, and EnergyCo may grant CWO REZ Access Rights is contained in <a href="#">Section 3</a> of this Document.</li> </ul>
<b>Default Bids</b>	Proponents can submit one Default Bid.	<ul style="list-style-type: none"> <li>• Proponents seeking a CWO REZ Access Right may consider submitting either of the following Default Bid options: <ul style="list-style-type: none"> <li>▪ Bid for both an LTESA and a CWO REZ Access Right; or</li> <li>▪ Bid for a CWO REZ Access Right only.</li> </ul> </li> <li>• Proponents are able to submit a Default Bid for both an LTESA and a CWO REZ Access Right in a single Project Bid submission.</li> <li>• Proponents are also able to submit Alternative Bids, as outlined below.</li> </ul>
<b>Alternative Bids</b>	Proponents can submit one Alternative Product Bid and one Alternative Financial Value Bid, as outlined in <a href="#">Section 7.3</a> .	<ul style="list-style-type: none"> <li>• Two types of Alternative Bids are expected to be available: <ul style="list-style-type: none"> <li>▪ An Alternative Product Bid for a CWO REZ Access Right only, where the Default Bid is for an LTESA and a CWO REZ Access Right.</li> <li>▪ An Alternative Financial Value Bid – where the prescribed Bid Variables in the LTESA are adjusted.</li> </ul> </li> <li>• Proponents who submit a Default Bid for an LTESA and a CWO REZ Access Right may submit both an Alternative Product Bid and an Alternative Financial Value Bid.</li> </ul>
<b>Assessment Criteria</b>	Proponents will need to satisfy the Eligibility and Merit Criteria to be recommended for CWO REZ Access Rights, as summarised in <a href="#">Section 7</a> .	<ul style="list-style-type: none"> <li>• All Proponents must provide information to satisfy the Proponent and Project Eligibility Criteria. Proponents not meeting all Eligibility Criteria may cease to be further considered by the Consumer Trustee.</li> <li>• Project Bids are assessed and scored against the Merit Criteria. Low scoring Project bids against any Merit Criteria may not be assessed further and may not be shortlisted for the Financial Value Bid Stage.</li> </ul>

<sup>3</sup> The Infrastructure Planner may grant Access Rights until the TTCL of 4.37% is reached, or if it is not reached, up to the Aggregate Maximum Capacity Cap (The Initial Aggregate Maximum Capacity Cap is set at 5.84 GW).

Key item	What you need to know	
<b>Assessment of LTESA and CWO REZ Access Right Product combinations</b>	<p>Proponents seeking both an LTESA and a CWO REZ Access Right are required to bid and be successful for both Products in the same Tender Round.</p>	<ul style="list-style-type: none"> <li>Proponents seeking both an LTESA and a CWO REZ Access Right will be competing against all other bids<sup>4</sup> seeking an LTESA.</li> <li>Proponents who submit a Default Bid for an LTESA and a CWO REZ Access Right, and an Alternative Product Bid for a CWO REZ Access Right only, will go through the assessment process as follows: <ul style="list-style-type: none"> <li>assessed for an LTESA and a CWO REZ Access Right and compete against all other bids that include an LTESA;<sup>5</sup></li> <li>if unsuccessful for an LTESA, will be considered for a CWO REZ Access Right only.</li> </ul> </li> </ul>
<b>Exceptional circumstances</b>	<p>Under EII Regulation<sup>6</sup>, to be eligible to participate in a Tender Round for an LTESA, a Proponent must not have been previously awarded a CWO REZ Access Right in respect of the Project.</p>	<ul style="list-style-type: none"> <li>The Consumer Trustee will specify circumstances under which a Project that has previously been conferred a CWO REZ Access Right may be eligible to bid for an LTESA.</li> <li>Draft positions for what may constitute exceptional circumstances are summarised in <a href="#">Section 7.5</a>, with final positions to be provided in the Tender Guidelines.</li> </ul>
<b>Storage infrastructure Projects seeking a CWO REZ Access Right</b>	<p>Storage infrastructure Projects seeking to connect to the RNI require a CWO REZ Access Right, as outlined in <a href="#">Section 7.4</a>.</p>	<ul style="list-style-type: none"> <li>Storage infrastructure Projects are eligible to bid for a CWO REZ Access Right.</li> <li>A final position on the requirement and quantum of CWO REZ Access Fees for standalone storage assets is still being considered and will be outlined in the final CWO REZ Access Fee determination.</li> </ul>
<b>CWO REZ Access Fees</b>	<p>The CWO REZ Access Fee will be set with consideration of the following components:</p> <ol style="list-style-type: none"> <li>A Project specific, centrally delivered hub to Project transmission infrastructure (H2P) component</li> <li>A centralised system strength component</li> <li>A community, employment and REZ contribution component</li> </ol> <p>The CWO REZ Access Fee is expected to be payable over the term<sup>7</sup> of the CWO REZ Access Scheme and is expected to set on a dollar per MW basis.</p>	<ul style="list-style-type: none"> <li>A final CWO REZ Access Fee will be published by the Consumer Trustee on its website.</li> <li>The information on CWO REZ Access Fees contained in this Tender Information Paper is indicative only.</li> <li>CWO REZ Access Right holders are expected to pay a Project specific CWO REZ Access Fee based on the sum of: <ul style="list-style-type: none"> <li>A common component across Projects for centralised system strength and community, employment and REZ contribution costs; and</li> <li>A Project specific H2P component.</li> </ul> </li> </ul>

<sup>4</sup> Under Section 48(3) of the EII Act, Projects seeking an LTESA that are outside of a REZ geographical area will need to show Outstanding Merit. Refer to [Section 7.6](#).

<sup>5</sup> This assessment will include consideration of any Alternative Financial Value Bids submitted.

<sup>6</sup> EII Regulation, clauses 28(1)(b), (2) and (3).

<sup>7</sup> EnergyCo is considering an extension of the term from 20 years to approximately 30 years to align the scheme with the end of the CWO REZ Network Operator Concession period. The extension to the scheme would occur under clause 13(4) of the CWO REZ Access Scheme.

Key item	What you need to know	
<b>Project Bid Proponent Requirements</b>	<ul style="list-style-type: none"> <li>All Proponents must provide information requirements for Project Assessment to satisfy Eligibility Criteria and Merit Criteria in a Tender Round.</li> <li>For Proponents seeking CWO REZ Access Rights additional information may be required and will be specified in the final Tender Guidelines.</li> </ul>	<p>At the Project Bid stage, Proponents will be required to provide:</p> <ul style="list-style-type: none"> <li>Information equivalent to that required for a connection enquiry.</li> <li>Project specific inputs required to determine the CWO REZ Access Fee applicable for their Project .</li> </ul> <p>This information may be used by EnergyCo and the CWO REZ Network Operator to conduct the necessary planning ahead of the construction of the RNI and facilitate the commencement of the formal REZ Connection Process following CWO REZ Access Right allocation.</p>
<b>Security bonding</b>	<p>Seven security bonds are proposed at different stages of Project development for a CWO REZ Access Right Holder as outlined in <a href="#">Section 9</a>. The quantum of each security bond is structured as an estimate of:</p> <ul style="list-style-type: none"> <li>Potential losses incurred by the Consumer Trustee and/or EnergyCo due to Project cancellation;</li> <li>Potential costs due to Project cancellation,<sup>8</sup> and/or</li> <li>The credit exposure of the Scheme Financial Vehicle (SFV).</li> </ul>	<ul style="list-style-type: none"> <li>The majority of security bonding relates to the credit exposure during the construction of the H2P network.</li> <li>Bonding is shaped to step up as credit exposure increases and step down as the credit exposure reduces.</li> </ul>
<b>REZ Connections Process</b>	<p>EnergyCo has developed a REZ Connection Process to apply to generation and storage Projects connecting to the REZ Network Infrastructure, as outlined in <a href="#">Section 5</a> and <a href="#">Section 7.1</a>.</p>	<ul style="list-style-type: none"> <li>Proponents will need to provide information equivalent to that required for a connection enquiry under the NER in their Project Bid.<sup>9</sup></li> </ul>

8 Where design and/or construction costs have been incurred for a Project that does not ultimately connect to the RNI.

9 Pursuant to Section 5.3.2 of the NER.

# 3. CWO REZ Access Rights overview

CWO REZ Access Rights provide a suite of benefits to generators; to reduce uncertainty and deliver built energy for NSW consumers.

## 3.1 What is a CWO REZ Access Right?

The CWO REZ covers approximately 20,000 square kilometres centred by Dubbo and Dunedoo in NSW. New transmission infrastructure in the CWO REZ is being designed and built specifically to host new generation and storage infrastructure in this region. Access to the REZ Network Infrastructure is granted via the allocation of CWO REZ Access Rights.

Only generation and storage Projects that hold CWO REZ Access Rights can connect to the REZ Network Infrastructure, which will include centralised system strength and network assets between hubs on the REZ Network Infrastructure backbone and Projects, as outlined in this Section.

## 3.2 Up to 5.84 GW of CWO REZ Access Rights will be offered in Tender Round 4

The Consumer Trustee may recommend, and the EnergyCo may grant, CWO REZ Access Rights until the Target Transmission Curtailment Level (TTCL) of 4.37% is reached, or if it is not reached, up to the Initial Aggregate Maximum Capacity Cap (5.84 GW). Refer to [Section 4.1](#) for information on the TTCL and Initial Aggregate Maximum Capacity Cap.

The Consumer Trustee will recommend CWO REZ Access Rights based on the outcome of the assessment process. If CWO REZ Access Rights are not recommended up to the Initial Aggregate Maximum Capacity Cap, the remaining CWO REZ Access Rights may be made available in subsequent rounds.

Proponents seeking both an LTESA and a CWO REZ Access Right are required to bid for both Products in the same Tender Round. Proponents that are successful in obtaining a CWO REZ Access Right (but not an LTESA) will not be able to seek an LTESA in a later Tender Round, except where the Consumer Trustee is satisfied that there are exceptional circumstances (see [Section 7.5](#)).

## 3.3 Key benefits of obtaining a CWO REZ Access Right

### Increased curtailment certainty

Proponents who are successful in a tender and awarded a CWO REZ Access Right (CWO REZ Access Right Holders) may benefit from limitations placed on the total generation capacity that is permitted to connect to the REZ Network Infrastructure. This is designed to deliver enhanced curtailment outcomes for CWO REZ Access Right Holders, when compared to the open access regime in the National Electricity Market (NEM). This is the central component of the limited physical connection model applied in the CWO REZ Access Scheme.

Under the CWO REZ Access Scheme, an Initial Aggregate Maximum Capacity Cap of 5.84 GW has been set for the initial allocation of CWO REZ Access Rights. EnergyCo<sup>10</sup> can only grant up to the Initial Aggregate Maximum Capacity Cap where the modelled forecast curtailment will not exceed the TTCL of 4.37% over a reference year.

The circumstances under which EnergyCo may increase the Aggregate Maximum Capacity Cap are detailed in [Section 9.2](#).

### Increased connection certainty

CWO REZ Access Right Holders progress through the REZ Connection Process to connect to the REZ Network Infrastructure. This process is designed to provide transparency and certainty around the technical performance requirements that apply to CWO REZ Access Right Holders and the timeframes for the connection process.

The REZ Connection Process differs from the National Electricity Rules (NER) connection process in three ways:

1. Non-negotiable REZ Access Standards are set and applied.
2. Centralised system strength is provided by the CWO REZ Network Operator, and generators are not required to negotiate remediation of adverse system strength impacts during the connection process or pay NER system strength charges.<sup>11</sup>
3. Concurrent processing of applications to connect including facilitation of power system studies.

### H2P and system strength assets

EnergyCo is simplifying the physical connection of CWO REZ Access Right Holders to the REZ Network Infrastructure, and the provision of system strength required for the REZ Network Infrastructure, including:

1. Competitively procuring network assets from the REZ Network Infrastructure backbone to a Project interface point (H2P) as part of the CWO REZ Network Operator procurement with pre-agreed costs, scope and timing.
2. Acquiring the land and obtaining environmental planning approvals required for the H2P.
3. Requiring the CWO REZ Network Operator to deliver system strength services in line with pre-agreed costs, scope and timing.

<sup>10</sup> The legislated functions of EnergyCo as the infrastructure planner are governed by the EII Act, EII regulations, CWO REZ Access Scheme Declaration and the Tender Rules.

<sup>11</sup> Regulations to amend the National Electricity Rules to implement this approach are proposed for Q4 2023.

# 4. CWO REZ Access Scheme

The [CWO REZ Access Scheme](#) was formally declared in December 2022. This Section provides an overview of the CWO REZ Access Scheme and CWO REZ Access Right design.

## 4.1 CWO REZ Access Scheme overview

Potential Proponents should familiarise themselves with the [CWO REZ Access Scheme Declaration](#) (the Declaration). To the extent that any inconsistency exists between the Declaration and information provided here regarding the CWO REZ Access Scheme, the information contained within the Declaration will apply.

The objectives of the CWO REZ Access Scheme are to:

- Optimise the utilisation of network infrastructure to improve consumer outcomes.
- Foster community support and regional economic benefits.
- Improve investment certainty for generation and storage Projects.

The CWO REZ Access Scheme seeks to achieve these objectives through:

1. Limiting physical capacity connected to the RNI based on a TTCL, reflecting an optimal economic use of the RNI and an Aggregate Maximum Capacity Cap – as defined in [Table 1](#).
2. A timely and efficient connections process, achieved by undertaking power system studies for multiple Projects concurrently; and the application of non-negotiable [REZ Access Standards](#), including generator performance standards, and inverter-based resource standards.
3. A centralised system strength solution, designed to improve certainty of connection timeframes compared to the existing connection process.
4. Facilitating the coordination of the H2P to reduce the community and environmental impacts of individual connection assets.
5. Using the community and employment components of the CWO REZ Access Fee to foster community support in the CWO REZ; and fund community, employment and First Nations benefit programs.

[Table 1](#) outlines the key defined terms used in the CWO REZ Access Scheme. Further detail can be found in the CWO REZ Access Scheme Declaration, available on EnergyCo's website [here](#). Further detail on the concepts outlined below can be found in the [CWO REZ Access Rights and Scheme Design Paper](#).

Table 1: Key CWO REZ Access Scheme parameters

Term	Value	Description
Initial Aggregate Maximum Capacity Cap	5.84 GW	The initial cap on the aggregate maximum capacity that can be allocated to Projects under CWO REZ Access Rights. To award more than this amount, EnergyCo must undertake a Headroom Assessment as summarised in <a href="#">Section 9.2</a> .
Target Transmission Curtailment Level (TTCL)	4.37%	<p>EnergyCo may only grant a CWO REZ Access Right,<sup>12</sup> where a proposed Project's expected capacity profile would not cause the forecast curtailment of the REZ Network Infrastructure to exceed the TTCL in a reference year.</p> <p>An exceedance of the TTCL is assessed by EnergyCo. EnergyCo will consider the expected generation capacity profiles of all Projects seeking CWO REZ Access Rights, calculated for a reference year. This data is expected to be provided as MWh in each half hour interval for the reference year as part of the Financial Value Bid.</p> <p>EnergyCo will use the aggregate expected capacity profile of the group of Projects being assessed to determine the percentage of forecast potential sent out generation in a reference year that could not be sent out because it exceeds the transfer capacity of the REZ Network Infrastructure (the forecast curtailment). EnergyCo may only grant CWO REZ Access Rights where the forecast curtailment does not exceed the TTCL for the REZ Network Infrastructure.</p> <p>Forecast curtailment is calculated as:</p> <p><b>Figure 1: Illustrative capacity profile of Projects</b></p> $\text{forecast curtailment (\%)} = \frac{\text{forecast curtailed electricity}}{\text{forecast potential sent out generation}}$ <p><b>Figure 2: Illustrative forecast curtailed electricity as a portion of total forecast sent out generation</b></p>

12 Or grant an increase to the Maximum Capacity of a CWO REZ Access Right Holder's Project.

<b>Initial Allocation</b>		<p>EnergyCo may only grant CWO REZ Access Rights for the Initial Allocation where the Consumer Trustee recommends the grant of CWO REZ Access Rights through a competitive tender.<sup>13</sup></p> <p>The initial allocation refers to the award of CWO REZ Access Rights up to the Initial Aggregate Maximum Capacity Cap of 5.84 GW.</p> <p>EnergyCo may determine that the initial allocation has been completed before the full conferral of the Initial Aggregate Maximum Capacity Cap of 5.84 GW, if:</p> <ul style="list-style-type: none"> <li>• The aggregate Maximum Capacity in any capacity period of approved Projects granted CWO REZ Access Rights under the initial allocation exceeds 90% of the Initial Aggregate Maximum Capacity Cap in that capacity period; or</li> <li>• It does not reasonably expect that significant further CWO REZ Access Rights may be granted under the initial allocation: <ul style="list-style-type: none"> <li>▪ without the aggregate maximum capacity of all approved Projects during any capacity period exceeding the Aggregate Maximum Capacity Cap for that capacity period;</li> <li>▪ without forecast curtailment on the REZ Network Infrastructure exceeding the TTCL; and</li> <li>▪ without the network element forecast curtailment on a network element exceeding the target network element curtailment level (if the Infrastructure Planner has notified a target network curtailment level for a network element).</li> </ul> </li> </ul>
<b>Aggregate Expected Capacity Profile</b>	-	<p>The aggregate of the expected capacity profiles of all relevant Projects connected to the REZ Network Infrastructure less EnergyCo’s forecast profile of electricity consumption by any plant or equipment (other than approved Projects as defined in the CWO REZ Access Scheme Declaration) connected to the REZ Network Infrastructure.</p>
<b>Initial Term</b>	<p>20 years (EnergyCo is considering an extension of the initial term to approximately 30 years)</p>	<p>The CWO REZ Access Scheme commences from the date of the CWO REZ Access Scheme Declaration. The initial term expires on the date that is 20 years after the electrification of the first network element of the REZ Network Infrastructure as notified by the Infrastructure Planner to the Consumer Trustee and CWO REZ Access Right holders.</p> <p>EnergyCo is considering an extension of the term of the CWO REZ Access Scheme to approximately 30 years to align the term of the scheme with the end of the CWO REZ Network Operator Concession period (forecasted 2059).<sup>14</sup></p> <p>The length of individual CWO REZ Access Rights is proposed to align with the term of the scheme, including the extension described.</p>

13 Section 42A of the EII Regulation; Clause 7 of the CWO REZ Access Scheme Declaration.

14 The extension to the scheme would occur under clause 13(4) of the CWO REZ Access Scheme.



## 4.2 CWO REZ Access Rights Holder overview

Under the CWO REZ Access Scheme Declaration, a CWO REZ Access Right authorises the CWO REZ Access Right Holder to:

1. Apply to connect the Project to the RNI.
2. Send out generation from the Project into the RNI in accordance with the terms of any applicable Project Development Agreement (PDA) and the NER up to its Maximum Capacity.<sup>15</sup>

Only generation and storage Projects that hold CWO REZ Access Rights can connect to the RNI.

[Table 2](#) below outlines the relevant key defined terms of the CWO REZ Access Right.

**Table 2: Key defined terms of the CWO REZ Access Right**

Term	Description
<b>Maximum Capacity</b>	The maximum sent out generation in MW for a Project permitted in the CWO REZ Access Rights Register as defined in the CWO REZ Access Scheme Declaration.
<b>Expected Capacity Profile</b>	EnergyCo's forecast of a Project's available capacity over the relevant period as determined, in accordance with the CWO REZ Access Scheme Declaration. <sup>16</sup>
<b>Project Development Agreement (PDA)</b>	One or more agreements between EnergyCo, the SFV and a CWO REZ Access Right Holder containing 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 CWO REZ Access Right. The Project Development Agreement will also include the CWO REZ Access Fee payment obligations and security bonding requirements.
<b>Connection Agreement</b>	One or more agreements between a CWO REZ Access Right Holder and the CWO REZ Network Operator or other parties regarding the connection of a Project to the RNI. The Connection Agreement for the CWO REZ is referred to as the Energy Supplier Connection Agreement.  Note: A Proponent will require a CWO REZ Access Right per connection point.
<b>CWO REZ Access Fee</b>	Each CWO REZ Access Right Holder is required to pay a CWO REZ Access Fee, as determined by the Consumer Trustee, to the SFV. This is further detailed in <a href="#">Section 6</a> .

<sup>15</sup> Note: this point (2) does not in any way limit AEMO's central dispatch process, or its ability to dispatch a Project above its Maximum Capacity for a reason, including but not limited to a lack of reserve notice under the NER.

<sup>16</sup> Subclause 7(8).

# 5. REZ Connection Process

*This information is indicative only and subject to change. Final positions will be outlined in the Tender 4 Guidelines in accordance with the EII Act, EII Regulation, Tender Rules and associated regulatory instruments.*

EnergyCo has developed a REZ Connection Process (previously called the Streamlined Connection Process) to apply to generation and storage Projects connecting to the REZ Network Infrastructure. Further background and policy context for the REZ Connection process can be found [here](#).

The REZ Connections Process is comprised of three core elements:

1. Setting and applying non-negotiable REZ Access Standards.
2. Centralised system strength provided by the CWO REZ Network Operator and funded by CWO REZ Access Right Holders through CWO REZ Access Fees.
3. Facilitation of concurrent processing of applications to connect (previously referred to as “batching”).

The CWO REZ Network Operator is intended to be the Transmission Network Service Provider (TNSP) responsible for managing the connection process in accordance with Chapter 5 of the NER, including any future regulatory changes gazetted by the NSW Government.

EnergyCo, and the First Ranked CWO REZ Network Operator,<sup>17</sup> will hold interactive sessions with candidate foundational generators<sup>18</sup> (CFGs) to explain and discuss the overarching connections strategy from late May 2023. These discussions may inform the milestone dates to be included in the PDA.

EnergyCo is expected to make regulations to enable implementation of the REZ Connections Process, including to:

- Disapply the NER connection enquiry step and replace it with the participation and provision of information by Proponents bidding for CWO REZ Access Rights. This will trigger the NER process for the CWO REZ Network Operator to provide information equivalent to that contained in a NER response to a connection enquiry to CWO REZ Access Right Holders within a specified timeframe following the award of CWO REZ Access Rights by EnergyCo.
- Require CWO REZ Access Right Holders to meet, and the CWO REZ Network Operator and the Consumer Trustee to accept, the REZ Access Standards as generation performance standards under the NER, without negotiation.
- Disapply obligations on CWO REZ Access Right Holders to self-remediate for adverse system strength impacts or pay a system strength charge under the NER to avoid double recovery of system strength costs from Access Rights Holders, given they will be contributing to the cost of centralised system strength through Access Fees.
- Facilitate the CWO REZ Network Operator in processing power system studies for groups of CWO REZ Access Right Holders in parallel. The approach to managing power system studies in batches is likely to be governed by guidelines.

The NSW Government proposes to make the required changes to the EII Regulation in Q4 2023 before the formal REZ Connections Process commences.

<sup>17</sup> EnergyCo has selected ACE Energy as the first ranked Network Operator Proponent for the CWO REZ. ACE Energy is sponsored by Acciona, Cobra and Endeavour Energy.

<sup>18</sup> EnergyCo has identified 11 major renewable generation Projects with planned connections to the RNI that they are working closely with as they deliver the CWO REZ, known as Candidate Foundational Generators (CFGs). These CFGs were selected through an EOI process undertaken by EnergyCo and is not in any way related to the Consumer Trustee's tender process. For the avoidance of doubt, CFGs are not conferred any advantage in the Consumer Trustee's tender process.

# 6. CWO REZ Access Fees

Proponents that are awarded a CWO REZ Access Right pay the CWO REZ Access Fee. This Section summarises the indicative components and structure of the CWO REZ Access Fee.

*This information is indicative only and subject to change. Final positions will be outlined in the Tender 4 Guidelines in accordance with the EII Act, EII Regulation, Tender Rules and associated regulatory instruments.*

## 6.1 How the CWO REZ Access Fee is set

The CWO REZ Access Fee is determined by the Consumer Trustee under section 26(1) of the EII Act and is payable to the SFV.

The Consumer Trustee will determine the CWO REZ Access Fee by taking into account the following principles:<sup>19</sup>

- a. Maximising financial value for NSW electricity customers.
- b. Recovering the cost of the operation of the access scheme.
- c. Optimal use of the existing and planned network infrastructure in the renewable energy zone.
- d. Other principles prescribed by the regulations.

## 6.2 Components of the CWO REZ Access Fee

The Consumer Trustee is expected to determine a CWO REZ Access Fee with consideration of the following components:

1. **H2P cost contribution.** This component is expected to vary depending on Project specific factors. The Consumer Trustee will receive input from EnergyCo in determining the H2P component of the CWO REZ Access Fee.
2. **Centralised System Strength cost contribution.** This component is expected to be a fixed per unit fee of ~\$8,000 - \$11,000 / MW p.a. The Consumer Trustee will receive input from EnergyCo in determining this component of the CWO REZ Access Fee.
3. **Community, employment, and REZ contribution.** This is expected to be a fixed per unit fee of ~ \$4,000 - \$5,000 / MW p.a.

The information on CWO REZ Access Fees provided in this Document is indicative only and subject to change.

The final CWO REZ Access Fee may be impacted by certain factors, including any of the following factors:

- Revised development costs, capital expenditure or operating expenditure associated with any component of the CWO REZ Access Fee.
- The outcome of NSW Government approvals associated with the procurement of the RNI.
- Implementation of the potential extension of the CWO REZ Access Scheme to 30 years.

<sup>19</sup> Section 26(1) of the EII Act.

## 6.2.1 H2P cost contribution

The H2P component of the CWO REZ Access Fee will be calculated based on the individual Project’s minimum viable distance from the shared asset/connection hub – Equation 1 below sets out the approach to calculating the H2P component:

### Equation 1: H2P component calculation

$$\begin{array}{|c|} \hline \text{H2P Network} \\ \text{Capital} \\ \text{Component (\$)} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{H2P} \\ \text{Transmission} \\ \text{Cost per KM} \\ \text{(\$/km)} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Minimum} \\ \text{Viable} \\ \text{Distance} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Minimum No.} \\ \text{of 330 kV} \\ \text{Circuit} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{No. of} \\ \text{Connection} \\ \text{Points per} \\ \text{Generator} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Fixed} \\ \text{connection} \\ \text{cost (\$/point} \\ \text{of connection)} \\ \hline \end{array}$$

A cost calculator will be provided to help Proponents estimate their H2P cost contribution (CWO REZ Access Fee Calculator). The Consumer Trustee will inform Projects of their minimum viable distance based on advice and verification of the component calculation from EnergyCo.

A Proponent’s Project Bid must include a completed version of the CWO REZ Access Fee Calculator. Each Project Bid’s CWO REZ Access Fee Calculator will be reviewed by EnergyCo, and the Consumer Trustee will provide confirmation of the total CWO REZ Access Fee applicable to each Project at the invitation to the Financial Value Bid stage.

Proponents should note that any additional project specific costs will also be included in the H2P component calculation.

## 6.2.2 Centralised system strength cost contribution

EnergyCo will procure the CWO REZ Network Operator to provide system strength services that meet the demand for system strength from generators connecting in the initial allocation of CWO REZ Access Rights. Generators connecting in the initial allocation will contribute to the costs of the centrally provided system strength through CWO REZ Access Fees and will not be required to remediate their system strength impact or pay the system strength charge under the NER.

EnergyCo, through the CWO REZ Network Operator procurement process, will develop a cost estimate for the delivery of centralised system strength.

The centralised system strength component of the CWO REZ Access Fee will be estimated on a cost recovery basis – normalised to the maximum capacity of the Project. Equation 2 outlines the method for calculating the system strength component.

### Equation 2: Centralised System Strength calculation

$$\begin{array}{|c|} \hline \text{System} \\ \text{Strength} \\ \text{Capital} \\ \text{Component} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Estimated} \\ \text{System} \\ \text{Strength Cost} \\ \text{per MW (\$/} \\ \text{MW)} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Maximum} \\ \text{Capacity (MW)} \\ \hline \end{array}$$

## 6.2.3 Community, employment and REZ contribution

The community, employment and REZ contribution component of the CWO REZ Access Fee will be set by the Consumer Trustee in accordance with the principles set out in [Section 6.1](#) and is intended to serve the following purposes:

- Fund community benefit sharing initiatives, as prescribed by Section 26(2) of the EII Act.
- Fund employment initiatives, as prescribed by Section 26(4) of the EII Act.
- Contribute towards the costs of the REZ Network Infrastructure and meet the expected costs of administering the CWO REZ Access Scheme.

## 6.3 Structure of the CWO REZ Access Fee

The components of the CWO REZ Access Fee detailed in [Section 6.2](#) above are combined into a single, per Project fee, with the following features:

### Per unit charge

The majority of the CWO REZ Access Fee is expected to be set on a per MW p.a. basis, with the same charge applied irrespective of generation technology type and calculated on the maximum capacity of a Project's CWO REZ Access Right. The H2P component of the CWO REZ Access Fee is expected to be set on a Project specific basis.

### Applicability to load, hybrid and storage assets

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

Hybrid Projects with a storage component behind the connection point are expected to be charged CWO REZ Access Fees based on the maximum capacity of their CWO REZ Access Right. Proponents may bid a maximum capacity for a CWO REZ Access Right for a hybrid Project that is less than the maximum generation of their storage and generation units.

A final position on the requirement and quantum of CWO REZ Access Fee for standalone storage assets is still being considered and will be outlined in the final CWO REZ Access Fee determination.

### Indexation

CWO REZ Access Fees are expected to be indexed on a quarterly basis. The current assumption is fixed indexation of 2.5% p.a. A final indexation formula is under development by EnergyCo, and a final position will be published at the time of the final CWO REZ Access Fee determination.

### Payment structure

The Consumer Trustee is currently finalising the payment structure and will publish its position alongside the final CWO REZ Access Fee determination. It is expected that the proposed structure will offer flexibility to Projects, allowing a choice between paying the majority of the fee upfront or as a combination of upfront and annual payments over the term of the CWO REZ Access Scheme.

It is expected that a discount will be offered to incentivise upfront payments. However, this is subject to further review and will be published in the final CWO REZ Access Fee determination.

### Timing of first payment

The PDA will contain the terms and conditions for the payment of CWO REZ Access Fees, including when the payments must commence. It is proposed that the CWO REZ Access Fee will be payable for a fixed term.

# 7. Bidding for CWO REZ Access Rights in Tender Round 4

This section provides an overview of the key Tender Round 4 features that relate to CWO REZ Access Rights.

*This information is indicative only and subject to change. Final positions will be outlined in the Tender 4 Guidelines in accordance with the EII Act, EII Regulation, Tender Rules and associated regulatory instruments.*

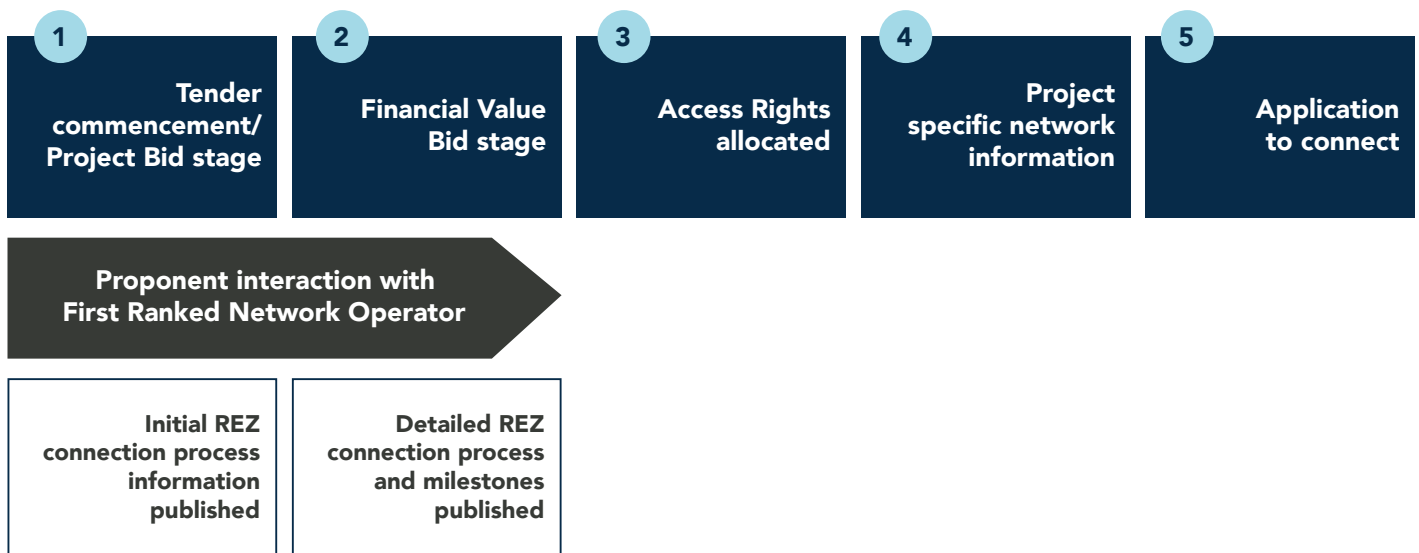
Potential Proponents seeking to bid for CWO REZ Access Rights should refer to [Tender 3 Guidelines](#), Section 3: Tender and Assessment Process for further information.

This Section outlines aspects of the tender assessment process that are expected to be tailored for Bids seeking CWO REZ Access Rights.

## 7.1 Pathway to application to connect

[Figure 3](#) below outlines the key stages and indicative timing of the steps leading up to an application to connect by a CWO REZ Project.

**Figure 3: Key stages and indicative timing**



[Table 3](#) below summarises the information that will be required from and made available to Proponents at different stages of the tender process, and how this informs the proposed CWO REZ Connection Process.

**Table 3: Key information required at each tender stage**

Stage	Description
<b>Project Bid stage</b>	<ul style="list-style-type: none"> <li>Proponents will be required to provide information equivalent to that required for a connection enquiry under the NER in their Project Bid.</li> <li>Proponents will also be required to submit a CWO REZ Access Fee Calculator with the completed H2P cost contribution.</li> </ul>
<b>Financial Value Bid stage</b>	<ul style="list-style-type: none"> <li>Each Project Bid's completed CWO REZ Access Fee Calculator will be reviewed, and the Consumer Trustee will provide confirmation of the total CWO REZ Access Fee applicable to each shortlisted Project at the invitation to the Financial Value Bid stage.</li> <li>Proponents will be provided with a longform PDA proforma.</li> </ul>
<b>CWO REZ Access Rights allocated</b>	<ul style="list-style-type: none"> <li>PDAs executed with successful Proponents.</li> <li>EnergyCo registers CWO REZ Access Rights on the CWO REZ Access Right register under the Declaration.</li> </ul>
<b>Project-specific network information</b>	<ul style="list-style-type: none"> <li>The CWO REZ Network Operator will provide Project-specific information, including harmonic allocations to CWO REZ Access Right Holders.</li> <li>This information will be equivalent to the information provided in a response to connection enquiry under the NER.</li> </ul>
<b>Application to connect</b>	<ul style="list-style-type: none"> <li>CWO REZ Access Right Holders will prepare an application to connect, including plant models, and submit these to the CWO REZ Network Operator within the timeframes agreed under the PDA (currently expected to occur within 4 months of award of CWO REZ Access Rights).</li> <li>CWO REZ Access Right Holders must submit the REZ Access Standards (as detailed in <a href="#">Template for Performance Standards for CWO REZ</a>) as their Project's generator performance standards.</li> </ul>

## 7.2 Projects with multiple connection points

For the purpose of allocating CWO REZ Access Rights, Projects with multiple connection points will require a CWO REZ Access Right for each individual connection point. Proponents may bid the full Project in a single Tender Round or may choose to submit multiple bids. Proponents that bid the full Project in a single Tender Round will be assessed against the Eligibility Criteria and Merit Criteria as a single Project.

For further information about the treatment of Projects with multiple connection points, connecting to existing network infrastructure, please refer to Section 3.1.6 of the [Tender 3 Guidelines](#). EnergyCo and the Consumer Trustee will work together to finalise the approach for Access Right Bids ahead of Tender Round 4.

## 7.3 Default Financial Value Bids and Alternative Bids

A Default Financial Value Bid may be made for either:

- A CWO REZ Access Right only (for Projects seeking to connect to the new REZ Network Infrastructure).
- An LTESA only (for Projects seeking to connect to existing transmission and distribution infrastructure).
- A CWO REZ Access Right and an LTESA.

To provide flexibility and encourage commercial innovation, Proponents may submit Alternative Bids for the same Project. Proponents tendering for an LTESA and a CWO REZ Access Right may submit two Alternative Bids, being:

- An Alternative Product Bid, where the Product selection is changed to a CWO REZ Access Right only; and
- An Alternative Financial Value Bid where only the prescribed Bid Variables in the LTESA are adjusted.

The table below sets out the indicative features of the two types of Alternative Bids and when Proponents may submit an Alternative Bid.

Types of Alternative Bid	Relevant Tender stage	Products or combinations of Products you can include
<b>Alternative Product Bid</b>	Proponents must indicate their preference to submit an Alternative Product Bid at the Project Bid stage and provide additional information on Merit Criteria 4.	CWO REZ Access Right.
<b>Alternative Financial Value Bid</b>	Proponents may submit an Alternative Financial Value Bid at the Financial Value Bid stage.	LTESA where only the prescribed bid variables are adjusted.

Alternative Product Bids are intended to enable Proponents that are unsuccessful in their Bid for an LTESA, to still seek a CWO REZ Access Right. In this circumstance, the Proponent must also demonstrate the viability of its Project without the financial support offered by the LTESA.

Where a Proponent submits an Alternative Product Bid, thus placing both:

- a Default Bid for a CWO REZ Access Right and an LTESA, and
- an Alternative Product Bid for a CWO REZ Access Right only,

the Proponent will:

- first be assessed on its Default Bid and compete against all other Bids seeking an LTESA;
- if unsuccessful for an LTESA, be considered for a CWO REZ Access Right only.

*Note that Proponents planning to submit an Alternative Product Bid for a CWO REZ Access Right must indicate their intention to do so with their Project Bid submission. The process for these Alternative Product Bids is as follows:*

- *Proponents will be required to provide additional information for Merit Criteria 4 at the Project Bid stage – in addition to their response for their Default Bid (for an LTESA and CWO REZ Access Right), Proponents must also provide information on how not being awarded an LTESA would impact the pathway to reach Financial Close (including raising equity/debt) and COD. An important consideration for the Consumer Trustee is the ability of Projects to reach COD where an LTESA is not recommended.*
- *All information provided for Merit Criteria 4 will be assessed during the Project Assessment.*

## 7.4 Storage infrastructure seeking a CWO REZ Access Right

Eligible storage infrastructure seeking to connect to the CWO REZ require a CWO REZ Access Right and must pay any CWO REZ Access Fee as specified in the final CWO REZ Access Fee determination.



## 7.5 Exceptional circumstances

Under EII Regulation,<sup>20</sup> to be eligible to participate in a Tender Round for an LTESA, a Proponent must not have been previously awarded a CWO REZ Access Right in respect of the Project except where the Consumer Trustee is satisfied that there are exceptional circumstances.

It is anticipated that the Tender Guidelines will contain further detail about what constitutes 'exceptional circumstances'. The Consumer Trustee is considering a number of scenarios that may meet the exceptional circumstances definition, including but not limited to:

- A Project has achieved energisation to the NEM and seeks an LTESA as an insurance product;
- A Project's Access Right has been terminated and the Proponents is resubmitting a bid for a CWO REZ Access Right and an LTESA;
- A CWO REZ Access Right holder wishes to expand its Project and seeks an LTESA for the increased capacity.

## 7.6 Outstanding merit

The Consumer Trustee must not recommend a Generation LTESA for a Project that is not, or will not be, part of the geographical area of a declared REZ<sup>21</sup> unless the Consumer Trustee is satisfied that the Generation LTESA for the Project shows outstanding merit, in accordance with section 48(3) of the EII Act and Section 26A of the EII Regulation. Projects seeking a CWO REZ Access Right to connect to the REZ Network Infrastructure will not be required to show outstanding merit as they will be located within the CWO REZ geographical area.

## 7.7 Assessment Criteria and Bid documentation

This Section outlines potential information and supporting documentation that may be required from Project Bids seeking CWO REZ Access Rights.

The Consumer Trustee's competitive tenders are undertaken to recommend Access Rights and LTESAs based on assessment against Eligibility and Merit Criteria. Irrespective of the Products being sought (e.g. Access Right, LTESA, or both), Projects will need to demonstrate merit across all Merit Criteria, and satisfaction of all required Eligibility Criteria. Lower scoring Project Bids against any Merit Criteria may not be assessed further and may not be shortlisted for the Financial Value Bid stage.

Eligibility and Merit Criteria are detailed in the Tender Rules and Tender Guidelines for each Tender Round. For indicative information Proponents may review Tender Round 3 [Rules](#) and [Guidelines](#).

### 7.7.1 Eligibility Criteria

Potential Proponents should refer to the [Tender Rules](#) on the Consumer Trustee's website for guidance regarding Eligibility Criteria.

The Consumer Trustee reserves the right to amend Eligibility Criteria ahead of Tender Round 4 via the gazettal of updated Tender Rules.

<sup>20</sup> EII Regulation, clauses 28(1)(b), (2) and (3).

<sup>21</sup> The CWO REZ geographical area is specified in the [CWO REZ Declaration](#).

## 7.7.2 Project Merit Criteria

This section is intended to provide information about specific requirements that may apply to Project Bids seeking CWO REZ Access Rights. Potential Proponents intending to submit a bid for an LTESA and a CWO REZ Access Right should familiarise themselves with the [Tender 3 Guidelines](#) to understand the general requirements that apply to all Bids.



### MC3 – Impact on the electricity system

Proponents seeking CWO REZ Access Rights are expected to be exempted from providing any mandatory information for Merit Criteria 3, as the CWO REZ is not sufficiently developed for this information to be available or useful. Projects seeking CWO REZ Access Rights will be given a score that reflects minimal impacts on the NSW electricity system.



### MC4 – Pathway to commercial operation

MC4 is intended to be assessed under the same Assessment Criteria, with some additional information requirements for Access Rights Projects. Refer to the [Tender 3 Guidelines](#) for general guidance on the Assessment Criteria.

In addition to the general tender Assessment Criteria, Bids seeking CWO REZ Access Rights are expected to:

- Provide a plan to demonstrate the capability and capacity to provide the requisite security bonding (as further detailed in [Section 9](#)) by CWO REZ target dates, including:
  - An indication as to the source of the security bonding.
  - Track record of providing similar security bonding historically.
  - Evidence of internal commitments to provide security bonding, and approvals required.

Bids seeking CWO REZ Access Rights are not expected to:

- Provide evidence of land tenure rights or planning approvals for the H2P route as it is to be delivered by the CWO REZ Network Operator.
- Show evidence of progress made towards obtaining a connection, as CWO REZ Access Right Holders will undergo the REZ Connection Process.

As noted above in [Section 7.3](#), where an Alternative Product Bid is sought, Proponents are expected to demonstrate a pathway for the delivery of their Project without an LTESA. An important consideration for the Consumer Trustee is the ability of Projects to reach Commercial Operations Date (COD) where an LTESA is not recommended.



### MC5 – Organisational capacity to deliver Project

MC5 is intended to be assessed under the same Assessment Criteria. Refer to the [Tender 3 Guidelines](#) for general guidance on the Assessment Criteria.



## MC6 – Community engagement, shared benefits and land use considerations

MC6 is intended to be assessed under the same Assessment Criteria. Refer to the [Tender 3 Guidelines](#) for general guidance on the Assessment Criteria.

Proponents seeking CWO REZ Access Rights should be aware that:

- The Consumer Trustee is considering how the community and employment purposes components of the CWO REZ Access Rights fee may contribute towards assessment.
- CWO REZ Access Rights Projects are still required to provide a Community Engagement Plan outlining their Project's commitments and community engagement activities in addition to the CWO REZ Access Fee contribution.



## MC7 – Regional economic development

MC7 is intended to be assessed under the same Assessment Criteria. Refer to the [Tender 3 Guidelines](#) for general guidance on the Assessment Criteria.

### 7.7.3 Financial Value Merit Criteria

This section outlines the information required to assess the Merit Criteria for the Financial Value Assessment of shortlisted Proponents. It applies to all combinations of Products being tendered as part of the Bid. Proponents will be required to complete a Financial Value Returnable Schedule.



## MC1 – Financial Value

MC1 is intended to be assessed under the same Assessment Criteria with one exception outlined below. Refer to the [Tender 3 Guidelines](#) for general guidance on the Assessment Criteria.

The assessment of Financial Value Bids for CWO REZ Access Rights will recognise the impact of the CWO REZ Access Fee. The Consumer Trustee may recognise the financial benefits of the residual components of the CWO REZ Access Fee, after accounting for the components that are for specific purposes, being:

- The H2P cost contribution and centralised system strength cost contribution.
- The community and employment purposes contribution components.



## MC2 – Commercial departures

MC2 is intended to be assessed under the same principles as the Assessment Criteria outlined in the [Tender 3 Guidelines](#). Amendments that deteriorate the risk position of the SFV and/or EnergyCo are expected to result in a lower score or may restrict the Financial Value Bid from being considered any further in the assessment.

# 8. Security bonding for CWO REZ Access Rights

Security bonding is required to protect the Consumer Trustee, EnergyCo and the SFV against potential losses arising from the Tender Round and award of CWO REZ Access Rights. This Section summarises the indicative quantum and structure of the security bonding requirements.

*This information is indicative only and subject to change. Final positions will be outlined in the Tender 4 Guidelines in accordance with the EII Act, EII Regulation, Tender Rules and associated regulatory instruments.*

## 8.1 Overview of security bonding

The delivery model for the CWO REZ provides substantial benefits to CWO REZ Access Right Holders, including H2P assets and a centralised system strength solution. Security bonding is designed to protect the interest of NSW electricity customers by protecting the Consumer Trustee, EnergyCo and the SFV against potential losses arising from the Tender Round and award of CWO REZ Access Rights.

One security bond (the Security for Process Bond) is required during the tender at the lodgement of the Financial Value Bid, consistent with other Consumer Trustee tenders. There are seven further security bonds required at different stages of development, construction and operations of a Project, as shown below in [Figure 4](#).

- Security for Process Bond (note, if a Proponent is seeking an LTESA and Access Right, this bond is only provided once)
- Initial Security (note, if a Proponent is awarded an LTESA and Access Right, this bond is only provided once)
- H2P Design Security
- H2P Cancellation Security
- H2P Delivery Security
- H2P Energisation Security
- Centralised System Strength Security
- Operations Security

The PDA will contain a date for the provision of each security bond required after the PDA is executed, as summarised in [Table 4](#). Proponents may be advised a Project specific date for each security bond at the Financial Value Bid Stage where relevant. The Consumer Trustee and EnergyCo appreciate that some securities may be prior to the relevant Project's financial close or final investment decision. The quantum and timing of security bonds provided in this section is indicative only and are subject to change. Security bonding requirements will be updated in the final Tender Guidelines and are expected to be confirmed at the commencement of the Financial Value Bid stage of the Tender Round.

### H2P Design Security Bonds

The purpose of these security bonds (H2P Design Security, H2P Cancellation Security, H2P Delivery Security, and the H2P Energisation Security) is to recover H2P design and construction costs where a Project that has received a CWO REZ Access Right Holder does not meet relevant obligations under the PDA.

H2P Security Bonds are designed to step up as cost exposure increases. For example, the H2P Delivery Security is higher than the H2P Design Security, as it includes the recovery of any incurred construction costs.

Similarly, H2P Security Bonds step down as the credit exposure reduces – the H2P Energisation Security is lower than the H2P Delivery Security as the completion risk of a Project is lower during energisation.

Further detail is provided in [Figure 4](#) and [Table 4](#).

## Centralised System Strength Security

The purpose of the Centralised System Strength Security is to cover the loss in revenue for the Centralised System Strength component of the CWO REZ Access Fee, if a Project with a CWO REZ Access Right does not meet relevant obligations under the PDA. This security will help mitigate the risk associated with securing a replacement CWO REZ Access Right Holder.

## Operations Security

The purpose of the Operations Security is to cover the loss in revenue relating to all other components of the CWO REZ Access Fee, if a Project with a CWO REZ Access Right does not meet relevant obligations under the PDA during its operational period. This security will help mitigate the financial risk to the SFV associated with securing a replacement CWO REZ Access Right Holder.

## Form of Security Bonds

The quantum of security bonding will be set on a per Project basis, and:

- Must be in the form of a letter of credit or bank guarantee issued by an Australian branch of an Authorised Deposit-Taking Institution (ADI) with an Acceptable Credit Rating.
- Which can be drawn in Sydney.
- Which is otherwise in a form reasonably satisfactory to the SFV (acting reasonably).

## Key definitions

The following definitions are applied for the purpose of this Section:

**Acceptable Credit Rating:** A credit rating of at least A- by Standard & Poor's or A3 by Moody's, or if both of those agencies cease to operate or give ratings of the kind referred to above, an equivalent rating from another reputable ratings agency acceptable to the SFV (acting reasonably).

**Generator Energisation:** The point in time which a generator commences the Hold Point Zero, being those tests as prescribed in Section 3.1 of AEMO's GPS Compliance Assessment and R2 Model Validation Test Plan Template (for Inverter-based Generation Technologies) dated February 2020.

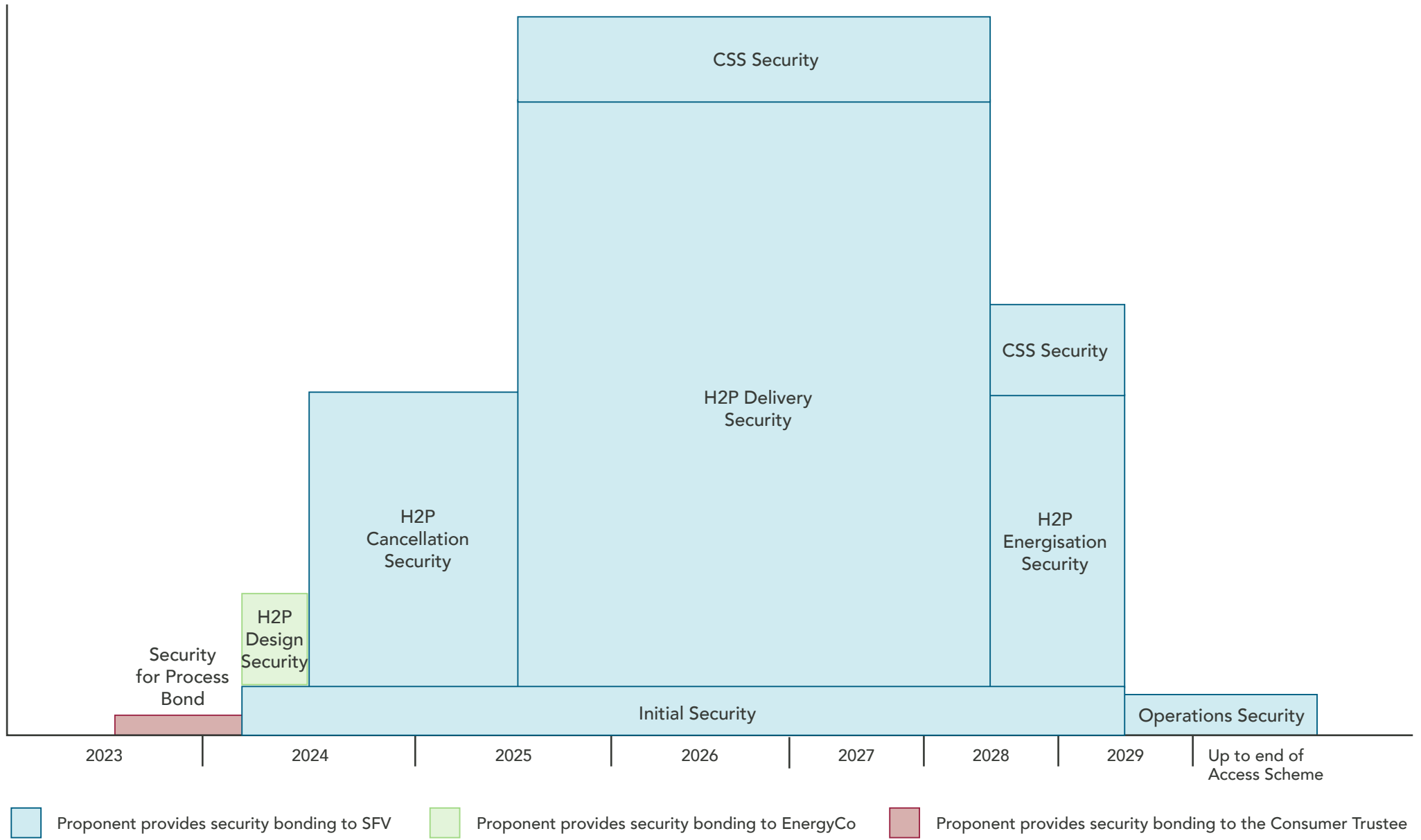
## 8.2 Consequences of not providing Security Bonding by due date

A summary of the key consequences for not providing the required Security Bonding by its due date is provided below in [Table 4](#). Please note, this table is not exhaustive, and Proponents should refer to the PDA once available for further detail. The quantum and timing of security bonding form part of the CWO REZ Access Right Pre-Tender Stage interactive sessions being conducted by EnergyCo and may be subsequently updated or amended.

In general, the date for providing Security Bonding is not linked to or dependent on any individual Project milestone (e.g., financial close).

Where the Consumer Trustee, SFV, and/or EnergyCo are able to mitigate costs arising from a Security Bond being called upon, (for example, by terminating the CWO REZ Network Operator's construction of the relevant H2P asset), any surplus funds will be returned to the Project.

Figure 4: Overview of Security Bonds over time (indicative, not to scale)



**Table 4: Description of bonding requirements**

Security Bond	Duration and related milestones	Purpose and description	Principal and Obligee	Value of collateral required	Consequence if not provided by due date <sup>22</sup>
<b>Security for Process Bonds</b>	Financial Value bid stage to Access Right/LTESA award.	This security bond is intended to mitigate the risk that a Proponent is successful in the tender but fails to sign relevant Project Documents reflecting the successful Bid.	Proponents of the tender in favour of Consumer Trustee.	\$4,000 per MW up to \$800,000.	Proponents will not be able to participate in Tender.
<b>Initial Security</b>	Access Rights/LTESA award to generator COD	To cover the risk of CWO REZ Access Right/LTESA Holders not meeting Project COD. The SFV's position is to seek a bond when Access Right/LTESA is granted that remains in place until COD.	All CWO REZ Access Rights/LTESA Holders in favour of SFV.	\$20,000 per MW up to \$4 million.	SFV and/or EnCo may terminate the PDA. If Project has also been awarded an LTESA, the LTESA will terminate on termination of the PDA.
<b>H2P Design Security</b>	Access Right/LTESA award to CWO REZ Network Operator FC (estimated 30 Jun 24)	To cover H2P design costs where a Project that has received a CWO REZ Access Right does not proceed / meet their commitments.	All CWO REZ Access Right Holders in favour of EnergyCo.	Bonding to align with H2P cancellation capital cost exposure at CWO REZ Network Operator financial close. Currently estimated at 5% of each CWO REZ Access Right Holder's total H2P capital cost.	EnCo may terminate the PDA. If Project has also been awarded an LTESA, the LTESA will terminate on termination of the PDA.
<b>H2P Cancellation Security</b>	CWO REZ Network Operator financial close (estimated 30 Jun 2024) to expiry of cancellation rights with CWO REZ Network Operator (targeted 30 Jun 2025)	To cover the risk that a Project does not proceed to the date by when the cancellation rights for the H2P component expire (currently targeted to be 30 Jun 2025).	All CWO REZ Access Right Holders in favour of SFV.	Bonding to align with H2P cancellation capital cost exposure at 30 June 2025. Currently estimated at 50% of each CWO REZ Access Right Holder's total H2P capital cost.	Termination of the PDA will result in the CWO REZ Network Operator being instructed not to build or stop construction of the relevant H2P asset as part of the initial RNI.
<b>H2P Delivery Security</b>	Expiry of cancellation rights with CWO REZ Network Operator (targeted 30 Jun 2025) to Generator Energisation (Project specific – circa mid 2028).	To cover wasted H2P design and construction costs if a CWO REZ Access Right Project does not proceed to Generator Energisation.	All CWO REZ Access Right Holders in favour of SFV.	100% of each CWO REZ Access Right Holder's total H2P capital cost. However, Proponents may make suggestions on how this may be reduced as Project moves to Energisation and the Project is de-risked.	PDA (and Access Right) will terminate. If Project has also been awarded an LTESA, the LTESA will terminate on termination of the PDA.

<sup>22</sup> Please note this list is not exhaustive and is intended as a summary. Proponents should refer to the [CWO REZ Access Right PDA] for more details.

Security Bond	Duration and related milestones	Purpose and description	Principal and Obligee	Value of collateral required	Consequence if not provided by due date <sup>22</sup>
<b>Centralised System Strength Security<sup>23</sup></b>	Access Rights/ LTESA award (Feb 24) to Generator Energisation (mid 2028).	To cover the loss of the Centralised System Strength component of the CWO REZ Access Fee revenue if a Project with a CWO REZ Access Right defaults during the term of the CWO REZ Access Scheme.	All CWO REZ Access Right Holders in favour of SFV.	3 years' worth of the centralised system strength component of the CWO REZ Access Fee. It is assumed that a replacement Project / LTES Operator is found within 3 years.	SFV and/or EnCo may terminate the PDA. If Project has also been awarded an LTESA, the LTESA will terminate on termination of the PDA.
<b>H2P Energisation Security</b>	Generator Energisation (mid 2028) to Generator COD (Project specific – circa mid 2029).	To cover wasted H2P design and construction cost if a CWO REZ Access Right Project does not proceed to COD after Generator Energisation.	All CWO REZ Access Right Holders in favour of SFV.	50% of each CWO REZ Access Right Holder's total H2P capital cost.	
<b>Operations Security</b>	Generator COD (Project specific – circa mid 2029) to end of Access Term (circa mid 2059).	To cover the loss of CWO REZ Access Fee revenue if a CWO REZ Access Right Project defaults during the term of the CWO REZ Access Scheme.	All CWO REZ Access Right Holders in favour of SFV.	2 years' worth of CWO REZ Access Fees including the H2P and CSS components. It is assumed that a replacement Project / LTES Operator is found within 2 years.	

23 The CSS Security is under consideration by EnergyCo and the SFV and is subject to change.



# 9. Future CWO REZ Access Right and LTESA tenders

The Consumer Trustee has a rolling 10-year plan for competitive tenders under the Infrastructure Investment Objectives (IIO) Report. This Section summarises the key interactions inherent in making multiple combinations of products available across multiple Tender Rounds.

*This information is indicative only and subject to change. Final positions will be outlined in the Tender 4 Guidelines in accordance with the EII Act, EII Regulation, Tender Rules and associated regulatory instruments.*

## 9.1 Awarding the initial allocation of CWO REZ Access Rights in future tenders

The Consumer Trustee will continue to tender CWO REZ Access Rights to the extent available. This means that if the Initial Aggregate Maximum Capacity Cap of 5.84 GW is not wholly allocated in the first Tender Round for CWO REZ Access Rights, future Tender Rounds may include the remaining Initial Aggregate Maximum Capacity Cap of CWO REZ Access Rights.<sup>24</sup>

However, should Proponents be unsuccessful in the first Tender Round for CWO REZ Access Rights, H2P network infrastructure may not be included as part of the CWO REZ Access Right in future Tender Rounds. Where H2P network infrastructure is not included, Proponents will need to finance and procure the delivery of dedicated connection assets, with the corresponding H2P component of the Access Fee adjusted to reflect this.

## 9.2 Awarding additional CWO REZ Access Rights beyond the initial allocation

The Initial Aggregate Maximum Capacity Cap of CWO REZ Access Rights is 5.84 GW. EnergyCo can identify an increase in the Aggregate Maximum Capacity Cap of CWO REZ Access Rights through a headroom assessment. A headroom assessment considers whether the Aggregate Maximum Capacity Cap can be increased without resulting in the forecast curtailment on the REZ Network Infrastructure exceeding the TTCL. A headroom assessment is expected to identify additional capacity where:

- An increased transfer capacity of the access rights network is authorised under the EII Act by the Consumer Trustee; or
- Following the award of CWO REZ Access Rights, the forecast expected capacity profiles of CWO REZ Access Right Holders differs from the technology mix and profile of the indicative Projects on which the basis of the Initial Aggregate Maximum Capacity Cap was set.

Further information on the headroom assessment is detailed in Schedule 3 of the Declaration.

<sup>24</sup> Subject to Clause 7(4) of the CWO REZ Access Scheme Declaration

# 10. Definitions and abbreviations

Unless otherwise defined in the table below, all terms defined in the EII Act and EII Regulation apply in this Tender Information Paper.

Term	Definition
<b>Access Fee</b>	A fee paid in return for an Access Right.
<b>Access Right</b>	Access Rights allocated under a declared Access Scheme that authorises access to, and use of, the Access Rights Network.
<b>Access Rights Network</b>	Under the CWO REZ Access Scheme, means all or part of a transmission network or distribution network identified as a CWO REZ Access Rights network in the CWO REZ Access Scheme Declaration.
<b>Access Scheme</b>	An access scheme declared by the Minister under EII Act, section 24, to apply in a renewable energy zone or part of a renewable energy zone.
<b>AEMO Services</b>	AEMO Services Limited (ABN 59 651 198 364).
<b>Aggregate Maximum Capacity Cap</b>	The cap on the aggregate maximum capacity of approved Projects during any capacity period, being the initial aggregate maximum capacity cap as amended from time to time.
<b>Alternative Bid</b>	An Alternative Financial Value Bid or Alternative Product Bid.
<b>Alternative Financial Value Bid</b>	The document submitted by a Proponent, forming part of a Financial Value Bid, as described in <a href="#">Section 7.3</a> , including any Returnable Schedules, together with any additional information submitted by the Proponent.
<b>Alternative Product Bid</b>	The document submitted by a Proponent following a Project Bid, forming part of a Financial Value Bid where the Product selection is changed to a CWO REZ Access Right only, as described in <a href="#">Section 7.3</a> , including any Returnable Schedules, together with any additional information submitted by the Proponent.
<b>Bid</b>	Project Bid and/or Financial Value Bid submitted by Proponents in a Tender Round.
<b>Bid Variable</b>	Commercial terms of the LTESA that may be altered by the Proponent in either the Default Financial Value Bid or Alternative Financial Value Bid.
<b>CFG</b>	Candidate Foundational Generator
<b>Consumer Trustee</b>	AEMO Services, in its capacity as the NSW Consumer Trustee appointed pursuant to section 60 of the EII Act. References to the Consumer Trustee include, where the context requires, the Consumer Trustee's Associates.
<b>CWO REZ</b>	Central-West Orana Renewable Energy Zone
<b>CWO REZ Access Fee</b>	As defined in <a href="#">Section 6</a> .
<b>CWO REZ Access Right</b>	Access Rights allocated under the CWO REZ Access Scheme and in accordance with the CWO REZ Access Scheme Declaration that authorises access to, and use of, the Access Rights Network.
<b>CWO REZ Access Right Holder</b>	As defined in <a href="#">Section 4.2</a> .
<b>CWO REZ Access Scheme</b>	An access scheme declared by the Minister under EII Act, section 24, to apply in the CWO REZ.
<b>CWO REZ Access Scheme Declaration</b>	The declaration by the Minister that the CWO REZ Access Scheme is to apply in the CWO REZ, dated 19 December 2022, and published in the Gazette on 23 December 2022.
<b>CWO REZ Network Operator</b>	The Transmission Network Service Provider with respect to the CWO REZ.
<b>Default Bid</b>	The document submitted by a Proponent in the Project Bid, including any returnable Schedules, together with any additional information submitted by the Proponent.
<b>EII Act</b>	<i>Electricity Infrastructure Investment Act 2020</i> (NSW).
<b>EII Regulation</b>	<i>Electricity Infrastructure Investment Regulation 2021</i> (NSW).

<b>EnergyCo</b>	The Energy Corporation of NSW, acting as the Infrastructure Planner.
<b>Financial Value Bid</b>	The document submitted by a Proponent following a Project Bid, comprising a Default Financial Value Bid and/or Alternative Bid as described in Section 7.2 of this document, including any Returnable Schedules, together with any additional information submitted by the Proponent.
<b>First Ranked CWO REZ Network Operator</b>	EnergyCo has selected ACE Energy as the First Ranked Network Operator for the CWO REZ. ACE Energy is sponsored by Acciona, Cobra and Endeavour Energy.
<b>Generation LTESA</b>	A financial derivative contract that provides an LTES Operator with a series of options to access a Fixed Price, cash settled swap under the terms of the agreement.
<b>H2P</b>	Network assets from the REZ Network Infrastructure backbone to a Project interface point.
<b>Initial Aggregate Maximum Capacity Cap</b>	The initial cap on the aggregate maximum capacity that can be allocated to Projects under CWO REZ Access Rights. To award more than this amount, EnergyCo must undertake a Headroom Assessment as summarised in Section 9.2. The Initial Aggregate Maximum Capacity Cap is 5.84 GW.
<b>Infrastructure Planner</b>	The 'infrastructure planner' appointed in respect of a REZ or part of a REZ (as applicable) pursuant to section 63 of the EII Act, being Energy Corporation of New South Wales (ABN 13 495 767 706).
<b>LTESA</b>	Long-term Energy Service Agreement.
<b>LTES Operator</b>	Party responsible for the operation and management of the generation or long duration storage facility in connection with a LTESA.
<b>NEM</b>	National Electricity Market.
<b>Project Assessment</b>	The assessment methodology to be used by the Consumer Trustee to assess and shortlist Bids.
<b>Project Bid</b>	The document submitted by a Proponent in relation to the Project, including any Returnable Schedules, together with any additional information submitted by the Proponent.
<b>Project Development Agreement (PDA)</b>	A contract governing the construction and operation of a Project awarded an LTESA and/or a CWO REZ Access Right.
<b>Product</b>	The product being procured under the relevant Tender Round.
<b>Project</b>	A physical electricity generation or storage facility built in respect of which an LTESA or Access Right is being sought by the Proponent, including any proposed supporting network remediation and connection assets.
<b>Proponent</b>	Any person (who alone) or persons (who together, including Consortium Members) submit, or intend to submit, a Project Bid and Financial Value Bid.
<b>Tender Guidelines</b>	The relevant document issued by the Consumer Trustee from time to time, including its Tender Round details (before the table of contents), schedules, attachments and appendices, and any Addenda.
<b>Tender Round</b>	The Tender Round as specified in the relevant Tender Guidelines from time to time, commencing on a date notified by the Consumer Trustee on the Consumer Trustee's website and concluding when the Consumer Trustee has notified each Proponent that the process has concluded.
<b>Tender Rules</b>	Tender rules, made by the Consumer Trustee under section 47(5) of the EII Act, and under regulation 42A of the EII Regulation, that sets out how the Consumer Trustee will conduct Tender Rounds in respect of the award of LTESAs and allocation of Access Rights.
<b>TTCL</b>	Target Transmission Curtailment Level
<b>REZ</b>	A 'renewable energy zone' under section 23 of the EII Act.
<b>REZ Connections Process</b>	For the CWO REZ, the process outlined in <a href="#">Section 5</a> .
<b>REZ Network Infrastructure (RNI)</b>	As defined by Section 17 of the EII Act.
<b>Security for Process Bond</b>	In respect of a Bid, has the meaning given to that term in the Tender Process Deed.