



Australian Government

Department of Climate Change, Energy,  
the Environment and Water

# Market brief on 2025 Wholesale Electricity Market (WEM) tenders

Tender 5 — WEM Generation

Tender 6 — WEM Dispatchable Capacity

Capacity Investment Scheme

2025



# 1. Introduction

## Purpose

The purpose of this market brief is to provide information to potential proponents (proponents) about the following proposed Capacity Investment Scheme (CIS) tenders in the Western Australia Wholesale Electricity Market (WEM):

- **Tender 5 – WEM Generation**
- **Tender 6 – WEM Dispatchable Capacity**

The information in this market brief is indicative only and intended to provide high-level guidance for proponents. Full details, including on eligibility and merit criteria, will be published in the Tender Guidelines and pro forma Generation and Dispatchable Capacity Investment Scheme Agreements (CISAs) at the commencement of the Tender 5 and 6 processes.

## Context

The CIS is an Australian Government program to accelerate investment in new renewable energy generation, such as wind and solar, and clean dispatchable capacity, such as battery storage.

The CIS comprises a series of competitive tender processes, in which proponents bid for underwriting contracts to support renewable generation and dispatchable projects to:

- help deliver the Australian Government's 82% renewable electricity by 2030 target
- deliver an additional 40 GW of capacity by 2030
- support electricity generation growth and reliability as demand grows and ageing coal power stations retire
- place downward pressure on electricity prices.

Projects are assessed on the overall value they are expected to provide to electricity consumers, communities and taxpayers. This assessment includes consideration of projects against a range of merit criteria and is not simply based on which project has the lowest cost.

AusEnergy Services Limited (ASL) is the Australian Government's Tender Delivery partner for the CIS, including recommending bids to the Australian Government.

# 2. Tender timing and process

## Timing

The Tender 5 and 6 processes will be conducted and assessed separately but will run concurrently. Tender Guidelines will be published for each tender process at the commencement of the bid and registration period in late August 2025.

Key indicative dates for the two tender processes are:

Project registration and bid commencement	Late August 2025
Registration closing date	Late September 2025
Bid closing date	Late October 2025
Announce successful bids	March 2026 (expected)

*NOTE: These dates are indicative only. Further information will be available in the Tender Guidelines.*

## Process

To participate in Tender 5 or 6, proponents will be required to register and submit a completed bid form, including providing the required returnable schedules and other information to demonstrate satisfaction of the eligibility and merit criteria, and compliance with Australian Government policies.

All tender materials will be available on the ASL website on the relevant tender page. Proponents will be required to notify ASL promptly in writing if there are material changes in the circumstances of the project, proponent or bid entity at any stage of the tender process.

ASL will assess bids against eligibility and merit criteria and conduct due diligence checks. ASL will develop a list of recommended bids to provide to the Australian Government. The Minister for Climate Change and Energy, on behalf of the Australian Government, will select successful projects to be awarded a CISA.

## Q&A

An online question-and-answer period will open on the bid commencement date and close 5 business days before the bid closing date.

The Q&A process is designed to ensure fair and equitable access to information for all proponents. Responses to questions will be published on the ASL website (without identifying the proponent that submitted the relevant question) and will be distributed to all registered proponents. If a proponent does not wish a question or response to be made available, it should identify the question as 'commercially sensitive – not for circulation' and provide an explanation in accordance with the process to be set out in the Tender Guidelines. ASL will then make a determination on confidentiality.

## 3. Key tender details

### Location and project size

Tenders 5 and 6 will be open to projects intending to connect to the South-West Interconnected System (SWIS) of Western Australia. Projects will be required to have a minimum nameplate capacity size of 30 MW. Dispatchable projects will be required to be able to dispatch their nameplate capacity continuously for a minimum duration of 2 hours.

## Project Commercial Operations Date

Projects should demonstrate a credible pathway to reach their Commercial Operations Date (COD) prior to 31 December 2030. Projects with an earlier target COD, and a credible pathway to achieve this milestone, will be considered to be of higher merit. This will support the Australian Government's target of 82% renewable electricity by 2030.

## Tender targets

Indicative targets for the CISAs to be awarded through the two tender processes are:

Tender 5 – WEM Generation	1600 MW
Tender 6 – WEM Dispatchable Capacity	2400 MWh

*NOTE: These targets are indicative only and will be confirmed in the Tender Guidelines. The Australian Government may select a greater or lesser volume than the target, subject to the assessed merit of bids.*

## WEM specific requirements

The Reserve Capacity Mechanism (RCM) is a mechanism to encourage capacity in the WEM to meet electricity demand in the future. Successful CIS projects in the WEM will be required to participate in the RCM and to nominate the RCM year in which they intend to participate.

Dispatchable and generation projects will be assessed on their ability to receive Capacity Credits under the RCM as a measure of their contribution to system reliability and benefits.

Dispatchable projects will also be modelled according to their Network Access Quantity (NAQ), which considers the amount of available network capacity for a project.

Payments to dispatchable projects under the CISA will be determined based on the Capacity Credits obtained by the Project. Payments to generation projects under the CISA will be determined based on MWh of generation.

## Hybrid projects

Hybrid Projects are co-located generation and dispatchable assets, in which both assets share a common Measurement Point.

Hybrid projects will be eligible to participate in Tender 5 or 6, but not both.

In Tender 5 – WEM Generation, proponents will have the opportunity to submit an assessed or non-assessed hybrid bid. An assessed hybrid bid will mean that a dispatchable asset associated with the generation asset will be included in the assessment of the proponent's bid and the proponent will be required to deliver the dispatchable asset under the terms of a CISA.

In Tender 6 – WEM Dispatchable, hybrid projects will only be allowed to bid as a non-assessed hybrid project. This means that a generation asset associated with the dispatchable asset will not be included in the assessment of the proponent's bid and the proponent will be under no obligation to deliver the generation asset under the terms of a CISA.

## 4. Key changes from previous tenders

### First tender for WEM generation

Tender 5 will be the first CIS tender seeking generation projects in the WEM. The tender process will be broadly similar to the previous tender processes for generation projects in the National Electricity Market (NEM), i.e. Tenders 1, and 4, with the primary difference being the requirement to participate in the RCM (see **WEM specific requirements** above).

### Single stage process

Previous CIS tender processes have involved a two-stage bid and assessment process (Stage A: Project Bid and Stage B: Financial Value Bid). As announced by the Australian Government on 18 June 2025, these two stages will be combined into a single stage process for Tender 5 and subsequent CIS tender processes (including Tender 6), aiming to reduce tendering period from 9 months to approximately 6 months.

Proponents will have around 8 weeks from the bid commencement date to submit a bid. Only one bid may be submitted per project and all bid information will be required to be provided by the bid closing date (expected to be in late October 2025). Alternative financial bids will no longer be accepted in the CIS.

Further information on the single stage process is available on the DCCEEW website - [Changes to future tender process - DCCEEW](#).

### Commercial departures

Proponents will only be able to propose departures from the pro forma CISA that are strictly necessary for the unique technical requirements of the project. In the previous CIS tender processes, proponents could propose commercial departures to the pro forma CISA, which were then assessed against merit criteria. From Tender 5 onwards, commercial departures will not be invited.

In accordance with the published Tender Guidelines for each tender process, ASL and the Australian Government will have the right to reject any proposed departures at their discretion, and may decide not to further assess a project if any proposed departures would unnecessarily increase the risk allocation to the Australian Government; increase the administrative burden and cost to the Australian Government; or deviate from the Australian Government's Policy Objectives.

### Reserve list

For Tenders 5 and 6, the Australian Government will have the right, at its discretion and subject to the availability of a sufficient number of meritorious bids, to place unsuccessful (but otherwise meritorious) proponents on a reserve list. Proponents on the reserve list will be informed of their status on the reserve list and of the duration of the reserve period, following the announcement of successful proponents.

The Australian Government will have the right to notify one or more proponents on the reserve list during the reserve period that they have become successful proponents and invite them to enter into a CISA.



## Reporting on workforce arrangements

From Tenders 5 and 6 onwards, successful recipients of a CISA will be required to publicly report on key labour and workforce arrangements in accordance with the CISA, including those of their key subcontractors. This change is intended to increase transparency on labour market practices and employment conditions provided by proponents that receive revenue underwriting support under the CIS from the Australian Government.

Reporting requirements will be specified in the pro forma CISA and may include:

- provision of employee entitlements over and above legislated and award-minimum conditions;
- employee engagement arrangements (i.e. permanent/fixed term/casual/labour hire) for employees hired during the project construction phase;
- proportion and use of fly-in-fly-out and drive-in-drive-out workforce and justification for use instead of employing regional/local workers;
- flexible working arrangements available to employees; and
- measures to promote and maintain better practice workplace health and safety over and above minimum requirements.

## 5. Eligibility criteria

Bids will be required to meet the eligibility criteria described in the Tender Guidelines. Eligibility criteria will be similar to, but reduced in number from those used in previous CIS tender processes. Proponents will also be required to complete a legally binding Warranties Form confirming compliance with Australian Government policies and other requirements, many of which were previously eligibility criteria in other CIS tender processes. Bids that do not submit a valid and complete Warranties Form will not be further assessed.

Eligibility criteria are expected to include a requirement that the project will:

- connect to the South West Interconnected System;
- have a nameplate capacity of not less than 30MW;
- (for dispatchable projects) be able to dispatch for at least 2 hours at nameplate capacity;
- (for generation projects) be an eligible renewable energy source, or (for dispatchable projects) charge from the WEM or an eligible renewable energy source;
- be the subject of a connection enquiry form that has been submitted to Western Power;
- not have been awarded Capacity Credits in the RCM prior to 2023 (for dispatchable projects) and prior to 2024 (for generation projects); and
- not have previously received long-term revenue underwriting support from the Australian or Western Australian Governments. Projects with other forms of government funding, such as grants and investments remain eligible as do projects owned by Commonwealth, State and Territory Government entities.

Projects comprising virtual power plants, demand response or other virtual aggregation and flexible loads, or that use native forest wood waste, will not be eligible to participate in Tenders 5 and 6.

Projects will be required to be carried on by a special purpose vehicle (SPV) that has the legal rights and permissions reasonably required to undertake the project.

## 6. Merit criteria

Bids will be assessed based on the merit criteria included in the Tender Guidelines. Indicative merit criteria for Tenders 5 and 6 are set out below. These are similar to previous CIS tender processes but have been consolidated for a single stage process. Merit criteria weightings will be specified in the Tender Guidelines.

Merit criteria
<b>MC 1 – Financial value, system reliability and system benefits</b> Project benefits to the WEM and the forecast net CISA cost. For generation projects, project benefits will include contribution to the Australian Government’s 82% renewable electricity by 2030 target as well as impact on wholesale market costs and reliability. For dispatchable projects, project benefits will focus on reduction to wholesale market costs, reliability and power system security.
<b>MC 2 – Project deliverability and timeline</b> Project development progress and credibility of forward plans to deliver the project by 2030. Projects with an earlier target COD, and a credible pathway to achieve this milestone, will be considered higher merit in supporting the Australian Government's target of 82% renewable electricity by 2030.
<b>MC 3 – Organisational, resource, and financing capability</b> Demonstrated strong track record, organisational capacity and capability of proponent and key subcontractors, resources and financing strategy to deliver the project.
<b>MC 4 – First Nations participation and benefits sharing</b> Quality of the proponent’s engagement with and understanding of Traditional Owners and First Nations communities and commitments to share economic and social benefits of the project.
<b>MC 5 – Social outcomes and community benefits sharing</b> Quality of the proponent’s community engagement and community involvement in the co-design of social outcomes strategies, priorities and commitments, and how this will create social outcomes through the project in terms of local content, employment, workforce development and shared benefits.

*NOTE: These criteria are indicative only. Further information will be available in Tender Guidelines.*

## 7. Bid variables

Proponents will be required to nominate bid variables for their project. These are assessed under MC 1 – Financial value, system reliability and system benefits, and will form the terms of support under an executed CISA. Proponents should aim to bid at prices that are both competitive and sufficient to allow projects to operate sustainably in an environment of high renewables penetration.

The bid variables are expected to include:

Bid variable	Bid
Support term	Up to a maximum of 15 years.
Annual floor	Used to determine a revenue threshold below which the Australian Government will provide partial revenue support (90%) to the project.
Annual ceiling	Used to determine a revenue threshold above which the project must share a percentage of its revenue (50%) with the Australian Government.
Annual payment cap	Maximum net annual payment that can be made by the Australian Government or project operator.

## 8. More information

For further information on CIS tender processes please visit [CIS Tender 5 WEM Generation](#) or [CIS Tender 6 WEM Dispatchable](#) ASL websites and the [Capacity Investment Scheme](#) webpage on the Department of Climate Change, Energy, the Environment and Water's (DCCEEW) website.

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### Acknowledgement of Country

We acknowledge the Traditional Custodians of Australia and their continuing connection to land and sea, waters, environment and community. We pay our respects to the Traditional Custodians of the lands we live and work on, their culture, and their Elders past and present.

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