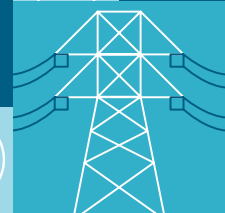
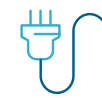


March 22, 2023

FAQs: Firming Infrastructure Webinar

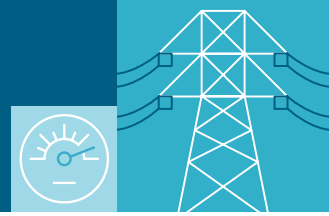


Important notice: This document provides a compilation of responses to questions received from AEMO Services' Tender Round 2 – Firming Infrastructure Webinar on March 22, 2023.

The responses are for information purposes only. They do not necessarily represent the views of the decision maker for and on behalf of the Consumer Trustee (being the board of AEMO Services Limited (ABN 59 651 198 364)) and will not constrain any discretion that decision maker may have. These responses are not intended to provide any advice or imply any recommendation or opinion constituting advice. These responses may include assumptions about future policy outcomes and generalisations. They may not include important qualifications, details or legal requirements. AEMO Services Limited does not guarantee the accuracy, currency or completeness of any information contained in these responses and (to the maximum extent permitted by law) will not accept responsibility for any loss caused by reliance on them. These responses are not a substitute for obtaining professional advice.

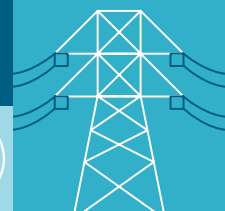
#	Category	Question	Answer
1	Indicative tender size	Does the CT have a minimum target for number of projects or technology to be awarded?	The Consumer Trustee does not have a minimum target for number of projects or technology. The main driver of its decision on how to achieve the indicative tender size is guided by which project(s) best serve the long term financial interest of NSW electricity customers.
2	Indicative tender size	Is the indicative tender size measured according to the size of capacity explicitly contracted to an LTESA or the total capacity supported by an LTESA contract due to the concept of a Contracted Percentage allowing a portion of a project to be supported by an LTESA?	The indicative tender size is measured according to the total size of capacity that is to be supported by an LTESA contract and that was not included as a committed project in the analysis underpinning the Infrastructure Investment Objective Report (IIO Report). For further information, see section 3.3.2 of the 2022 IIO Report). This means the Consumer Trustee aims to procure a minimum of 380 MW in total capacity (adjusted for EST Contribution Factors and the contracted percentage, as applicable).

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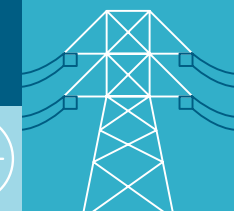
#	Category	Question	Answer
3	Indicative tender size	How would the Australian Energy Market Commission's (AEMC) Review of the Interim Reliability Standard increase the indicative tender size, and would it be communicated to proponents?	<p>The Consumer Trustee is aware of the AEMC's review, which is due to be finalised in May 2023. This may lead to an increase in the indicative tender size if the AEMC makes a final recommendation that is adopted by the NSW Government in the regulations that govern the Energy Security Target. The Consumer Trustee will notify all Registered Proponents through our bid portal if this occurs.</p> <p>ASL is seeking to ensure that proponents are not adversely impacted by any increase in the tender size. For example, where the tender size is increased, ASL could simply allocate contracts to more proponents.</p>

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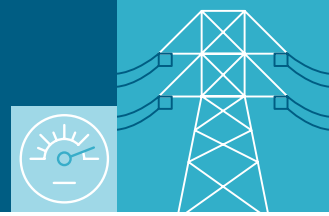
#	Category	Question	Answer
4	Maturity of development	How is a Project's stage of development and commercial operation date (COD) assessed in the tender process? Are there mandatory milestones for project eligibility?	<p>The Consumer Trustee has two Project eligibility criteria (EC) associated with a Project's stage of development:</p> <ul style="list-style-type: none"> • EC7: The Project must have received a Secretary's Environmental Assessment Requirements (SEARs) or, if SEARs do not apply, have lodged a Development Approval application under the Environmental Planning and Assessment Act 1979 (NSW) in relation to the Project. • EC8: Projects must be in receipt of a connection agreement or a network service provider response to a connection enquiry. <p>The Consumer Trustee does have discretion to exempt projects from the application of EC, such as EC 7 and 8. The Consumer Trustee would need to be provided sufficient evidence to support such a decision, including:</p> <ul style="list-style-type: none"> • On significant development progress and correspondence with relevant NSW government bodies. • Clear reasoning as to why the project should be exempt from EC, in particular highlighting how the project can meet the commercial operations date. Any exemption decision remains at the discretion of the Consumer Trustee and so all evidence useful to inform such a decision should be included in the Project Bid. <p>There are no other eligibility criteria associated with a Project's stage of development or COD that are mandatory for Project eligibility. A full list of eligibility criteria can be found on pages 38-40 of the Tender Guidelines.</p> <p>However, Merit Criteria 4 assesses Project's pathway to commercial operation, as set out in the Tender Guidelines on pages 44-45. Projects are expected to score highly where they can demonstrate clear:</p> <ul style="list-style-type: none"> • pathway to achieving Financial Close in the near term; or Financial Close has been achieved. • feasible pathway to commercial operations by 1 December 2025. • understanding of Project risks associated with reaching COD and identified appropriate mitigants to resolve or reduce the associated risks. <p>The Consumer Trustee assesses the risk that the project is operational by 1 December 2025 and so early COD (or other development milestones) are not favoured explicitly beyond the way they are supported by evidence that demonstrates confidence of achieving the committed date of commercial operations.</p>

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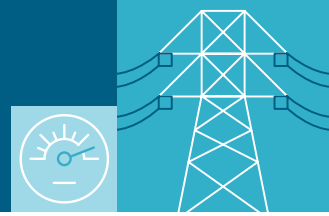
#	Category	Question	Answer
5	SNW	What are the boundaries of the Sydney-Newcastle-Wollongong subregion?	<p>The SNW as the subregion is defined in AEMO's Draft 2023 Inputs Assumptions and Scenarios Workbook as:</p> <ul style="list-style-type: none">• Wallerawang – Ingleburn 330 kV (1 circuit)• Wallerawang – Sydney South 330 kV (1 circuit)• Bayswater – Sydney West 330 kV (1 circuit)• Bayswater – Regentville 330 kV (1 circuit)• Liddell – Newcastle 330 kV (1 circuit)• Liddell – Tomago 330 kV (1 circuit)• Bannaby – Sydney West 330 kV (1 circuit)• Marulan – Avon 330 kV (1 circuit)• Marulan – Dapto 330 kV (1 circuit)• Kangaroo Valley – Dapto 330 kV (1 circuit)• Stroud – Brandy Hill 132 kV (1 circuit)• Stroud – Tomago 132 kV (1 circuit)• Hawks Nest – Tomago 132 kV (1 circuit)• Singleton – Rothbury 132 kV (1 circuit which is normally open) <p>This means the areas encircled by these substation locations is defined as SNW.</p>

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#	Category	Question	Answer
6	DR & Social licence	Why and how are the social licence merit criteria being applied differently to Demand Response and Firming Supply Projects?	<p>The Consumer Trustee recognises that some types of firming infrastructure will have a lower impact on host communities than other types of energy infrastructure. In particular, for demand response there is expected to be minimal community impact. Similarly, opportunities for regional economic development will vary across Project and technology types.</p> <p>The approach to the social licence commitments, which are captured in the returnable schedules, have been adjusted.</p> <ul style="list-style-type: none"> For Firming Supply LTESA Proponents are required to complete and return the: <ul style="list-style-type: none"> MC6 – Returnable Schedule in which Proponents should clearly identify any potential adverse impacts on communities and commitments made should be tailored to offset these impacts and improve outcomes for the communities in which they will operate. MC7 – Returnable Schedule: Regional economic development where commitments made should be tailored to the Project characteristics. For Demand Response LTESA Proponents should: <ul style="list-style-type: none"> Note the MC6 – Returnable Schedule is not mandatory. However, Project Bids should identify and commit to initiatives or programs that support the policy intent of Merit Criteria 6 where possible as this will be assessed more favourably. Complete and return MC7 – Returnable Schedule as it is still a requirement to complete and submit Table 3 – Employment and Workforce commitments of the MC7 – Returnable Schedule. <p>Proponents should demonstrate that they have a genuine understanding of their Project’s community impact and stakeholders. Proponents are encouraged to tailor their social licence strategy and commitments to be specific to their community and to the Project characteristics. For example, Projects with a significant impact on host communities will be expected to provide more comprehensive responses while Projects that have demonstrated their projects will have a minimal impact and may scale back the information provided.</p>
7	Local steel targets	Are Battery storage technology Projects able to provide commitments that are lower than the baseline requirements for supply chains?	<p>The Consumer Trustee is looking for a demonstration of the Project’s commitment to meet or exceed relevant technology baseline requirements during its assessment of Merit Criteria 7 – Regional economic development. Where a Project is not able to commit to any particular baseline requirement, the Proponent should: 1. Stipulate the lower level of commitment that it can commit to for the relevant target and 2. Provide a detailed justification as to the constraint that prohibits the requirements from being achieved. The robustness of the evidence and rationale provided will form part of the assessment.</p>

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#	Category	Question	Answer
8	DR	Is a new electrolyser project eligible?	The Consumer Trustee has no technology-specific eligibility requirements and as such, we encourage any Project that satisfies the Project eligibility criteria in Section 4 of the Tender Guidelines – including an electrolyser project.
9	Project requirements	What are the project requirements for a Firming Supply Project?	<p>The Project must satisfy the Project eligibility criteria in Section 4 of the Tender Guidelines. This includes EC13, which states “The Project must be able to dispatch its proposed registered capacity for a minimum specified duration. In accordance with 3.1.1 of the Tender Rules, for this Tender Round, the relevant minimum duration is specified in these Tender Guidelines to be approximately 2 hours.”</p> <p>The draft Firming Supply LTESA and PDA also include requirements for a proponent to follow if it is successful in the tender. These include the requirement for the Project to be operated as a standalone project and not operated as part of a portfolio of assets (see clause 4.3 (iii)).</p>