# Expanded Capacity Investment Scheme consultation webinar

Held 8 March 2024

0:0:0.0 --> 0:0:0.440
Fiona Thompson
Good morning.

0:0:0.710 --> 0:0:2.190
Fiona Thompson
One moment just waiting for a few more.

0:0:2.610 --> 0:0:4.740
Fiona Thompson
To join and we'll be getting started in just a minute.

0:1:5.540 --> 0:1:13.610
Fiona Thompson
OK, we've got about 420 people on the call at the moment, but there are still some people joining I guess past the start time.

0:1:14.60 --> 0:1:15.250
Fiona Thompson
Let's get moving.

0:1:15.960 --> 0:1:17.700
Fiona Thompson
Thank you so much for joining us.

0:1:17.770 --> 0:1:22.770
Fiona Thompson
And I'm just to note that we are recording today's webinar and we'll start by the recording started already.

0:1:23.30 --> 0:1:24.120
Fiona Thompson
So just be aware of that.

0:1:29.330 --> 0:1:36.310
Fiona Thompson
So today we're here to brief you on what was in the recently released market briefing of the capacity investment scheme.

0:1:36.670 --> 0:1:41.100
Fiona Thompson
I'm joining you from Gadigal Land, which is part of the Eora country in Sydney's inner West.

0:1:41.290 --> 0:1:49.590
Fiona Thompson
So before we begin, I'd like to acknowledge the traditional owners of the land and sea across Australia and the traditional owners of the lands on which we meet today.

0:1:49.910 --> 0:1:57.260
Fiona Thompson
And I acknowledge their enduring connection to land, sea, air and sky, and pay my respects to elders, past and present.

0:1:57.270 --> 0:2:0.880
Fiona Thompson
And extend that respect to any Aboriginal people on the webinar today.

0:2:2.90 --> 0:2:4.970
Fiona Thompson
So my name's Fiona Thompson.

0:2:4.980 --> 0:2:13.420
Fiona Thompson
I'm an independent facilitator from RPS and I'm here to help with moderating today's webinar and the Q&A section that will have after the formal presentation.

0:2:13.990 --> 0:2:26.980
Fiona Thompson
As you know, we're here to talk about the capacity investment scheme design, the design paper consultation which you hear the fired to today as the CIS or the scheme by some of the presenters.

0:2:26.990 --> 0:2:30.120
Fiona Thompson
So up on the screen, you'll see that there's a disclaimer.

0:2:30.190 --> 0:2:33.550
Fiona Thompson
You can read this in your own time, but I just wanted to draw your attention to this.

0:2:34.200 --> 0:2:51.30
Fiona Thompson
The webinars, part of a consultation process in relation to the capacity investment scheme, and this means it's part of a formal process that's ongoing and things are subject to change, so just be aware of that and also all of the final terms and conditions will be set out in the relevant tender guidelines.

0:2:51.40 --> 0:2:59.780
Fiona Thompson
Onto a little bit of housekeeping, a few quick points that you'll see up on the screen today.

0:3:0.280 --> 0:3:5.830
Fiona Thompson
You’ve joined a teams webinar so your microphone and camera will automatically be off.

0:3:6.0 --> 0:3:10.770
Fiona Thompson
We ask that everyone please remain muted and with their cameras off for the duration of the webinar.

0:3:11.260 --> 0:3:17.290
Fiona Thompson
We're also going to be recording today's webinar and we'll publish it on the department's consultation hub in the coming days.

0:3:17.780 --> 0:3:37.520
Fiona Thompson
So today we are going to be taking through our questions through slider and if you'd like to ask a question, you can visit slido.com and use the code on the screen which is 3586459 and you can also use the QR code to get into the Q&A section and that's going to be on most of the slides in the top right corner.

0:3:37.770 --> 0:3:40.620
Fiona Thompson
Now, so anytime you wanted to ask the question, don't be shy.

0:3:40.630 --> 0:3:46.250
Fiona Thompson
Put them through as the content is done and we will do our best at the end to answer them all.

0:3:48.670 --> 0:3:58.420
Fiona Thompson
The other thing to note with the slido question answer system is that there might be a delay in between when you type your question and when you can see it appear in the questions box.

0:3:59.610 --> 0:4:1.920
Fiona Thompson
There's no need to ask the same question again.

0:4:2.410 --> 0:4:7.50
Fiona Thompson
You can also mark yourself as anonymous if you would prefer your name not to appear in the Q&A's.

0:4:7.970 --> 0:4:12.760
Fiona Thompson
So today, because we have such a large group, we're going to be moderating the questions and answers.

0:4:13.190 --> 0:4:36.640
Fiona Thompson
We’ll try to group them together in the back end if the same question is asked more than once, and if you are interested in hearing the answer to a question that somebody else has asked, you can give that question a like or a thumbs up and this will just help us to prioritise during the Q&A at the end of the session we if we get a lot of questions, we will prioritise those questions that that more people have asked you.

0:4:36.650 --> 0:4:45.80
Fiona Thompson
Also notice that the chat on the teams webinar hasn't been enabled, so you won't be able to use the chat function and we won't be able to respond to any raised hands.

0:4:45.90 --> 0:4:48.620
Fiona Thompson
So reminder, if you have a question, please use the slider.

0:4:48.910 --> 0:4:54.570
Fiona Thompson
If for some reason that you are unable to access the slider, there's a phone number on the screen that you can do.

0:4:54.580 --> 0:5:2.290
Fiona Thompson
Use and the telephone number to text you question too is 0403511028.

0:5:5.580 --> 0:5:9.630
Fiona Thompson
So just a note on our presenters today and about today's format.

0:5:9.640 --> 0:5:16.70
Fiona Thompson
We've got an hour and a half scheduled for today, but we're expecting to wrap up the formal presentation in about 45 minutes.

0:5:16.620 --> 0:5:21.90
Fiona Thompson
But if we do answer all the questions that you have, we'll try to wrap up a little bit early.

0:5:22.20 --> 0:5:26.810
Fiona Thompson
So today's presenters bring a wealth of experience in planning for Australia's energy future.

0:5:27.100 --> 0:5:34.690
Fiona Thompson
And I'm joined by representatives from the Department of Climate Change, the Environment, Energy and Water, and from AEMO services.

0:5:34.760 --> 0:5:41.220
Fiona Thompson
I'll ask each person to turn their camera on, just as I introduce them and give a little wave when I call them out.

0:5:41.370 --> 0:5:47.760
Fiona Thompson
So first up, we will hear from Matt Brine, who's the head of office for the Office of the Capacity Investment Scheme.

0:5:48.890 --> 0:6:0.970
Fiona Thompson
Matt is an experienced leader in the Australian Public Service and his worked for over 20 years in Treasury, including leading their macroeconomic modelling and policy, tax analysis and environment, industry and infrastructure divisions.

0:6:1.230 --> 0:6:10.890
Fiona Thompson
Most recently, Matt has led the Communications Infrastructure division at the Department of Infrastructure Transport, Regional Development, Communications and the Arts.

0:6:11.50 --> 0:6:28.0
Fiona Thompson
Working on the upgrade of the NBN fibre infrastructure and deployment of 5G networks, Matt previously worked at the Department of Prime Minister and Cabinet and finance, including as principal policy adviser for Treasurer Wayne Swan during the implementation of the Clean Energy Future package.

0:6:29.300 --> 0:6:37.160
Fiona Thompson
Next up we have Salim Mazouz, who is a general manager in the office of the Capacity Investment Scheme and is responsible for delivering the design paper.

0:6:38.790 --> 0:6:45.30
Fiona Thompson
So Salim has over 2 decades of experience as a professional economist in the public, private and academic sectors.

0:6:45.420 --> 0:6:50.910
Fiona Thompson
Before joining the Energy Division division, Salim was policy director at the Energy Security Board.

0:6:51.300 --> 0:7:4.710
Fiona Thompson
Salim was a consultant before that, including as managing director of the Economic consultancy Eco Spectives and as Associate Director at the Energy the Energy market consulting firm McLennan, Madison X Socialites.

0:7:4.850 --> 0:7:7.860
Fiona Thompson
And before this, Sullivan was a member of the secretariat.

0:7:8.230 --> 0:7:18.490
Fiona Thompson
But then Prime Minister's Task Group on emissions trading and has held various positions in the ABS, including the Productivity Commission, the Australian Greenhouse Office and the former Department of the Environment.

0:7:20.30 --> 0:7:27.480
Fiona Thompson
Next up, we have Zoe Konovalov, who is the director of the Economic Analysis and modelling team in the Office of the Capacity Investment Scheme.

0:7:27.840 --> 0:7:33.960
Fiona Thompson
Zoe with Salim worked to deliver the design paper and is here to provide analysis from the Commonwealth side.

0:7:34.430 --> 0:7:39.420
Fiona Thompson
Zoe has more than 10 years experience in the Commonwealth working on climate change and the energy transition.

0:7:39.630 --> 0:7:48.40
Fiona Thompson
She led the development of arenas investment plan, including developing it, integrating renewables investment priority.

0:7:48.790 --> 0:8:11.900
Fiona Thompson
Zoe has held various other positions in the APS, including with the contract, the closure Task Force at the Department of Resources, Energy and Tourism, and has worked as a private consultant on financial trading strategies in the PJM energy market in the United States, and then last stop when you hear from Brad Hopkins, who's AEMO Services General Manager commercial.

0:8:12.690 --> 0:8:28.950
Fiona Thompson
Brad joined AEMO services from its establishment and he's currently the general manager of the permission team and the commercial team leads the design and implementation of AEMO services, competitive tender processes and performs this role on behalf of the Commonwealth for some of the CIS tenders.

0:8:29.290 --> 0:8:46.320
Fiona Thompson
So Brad brings with him more than 20 years of experience in financing energy projects around the world, including 12 years with Macquarie Bank, not before joining AEMO Services, who played a leading role in implementing the NSW Electricity Infrastructure Road map and designing the policy as a partner.

0:8:46.790 --> 0:8:53.900
Fiona Thompson
So, since returning to Australia from the UK in 2016, Brad has led some of the most thousand, the largest and most complex energy transactions and energy policies, so that's our presenters today.

0:8:59.250 --> 0:9:4.530
Fiona Thompson
I would just like to hand to Matt, and he's going to tell us why we're here in a bit about the scheme.

0:9:6.850 --> 0:9:8.460
Brine, Matthew
Thanks for the introduction, Fiona.

0:9:9.310 --> 0:9:12.660
Brine, Matthew
Just start by confirming the purpose of today's discussions.

0:9:13.430 --> 0:9:19.220
Brine, Matthew
So we want to provide some background about the capacity investment scheme and the products that would be made available.

0:9:19.550 --> 0:9:33.650
Brine, Matthew
We want to talk through the key areas of focus in the design paper that was released last week and we want to answer as many questions as possible knowing, of course, that some of the trickier issues will be determined after we finalise the consultation process.

0:9:35.540 --> 0:9:37.80
Brine, Matthew
Wait, I jump to the next slide please.

0:9:39.380 --> 0:9:50.610
Brine, Matthew
So I just providing some background about the scheme for a number of years and energy ministers and groups like the Energy Security Board wrestled with the idea of a capacity market mechanism.

0:9:51.40 --> 0:10:1.830
Brine, Matthew
Ultimately, administers weren't able to agree on the design of a market mechanism, and the Commonwealth stepped in, with the taxpayer funded initiative to support dispatchable clean energy.

0:10:2.450 --> 0:10:13.300
Brine, Matthew
The capacity investment scheme, so the first stage of the capacity investment scheme was launched in 2023 and included two elements and you can see the time frame of this down at the bottom of the slide.

0:10:13.390 --> 0:10:26.20
Brine, Matthew
The first element was a Commonwealth NSW tender, which was conducted in partnership with a NSW Electricity Infrastructure road map and the second stage was a tender for dispatchable capacity in SA and Victoria.

0:10:26.950 --> 0:10:31.160
Brine, Matthew
The NSW tender was announced in June and results were announced in November.

0:10:31.570 --> 0:10:46.230
Brine, Matthew
We saw 66 Hassel bids for major energy projects totaling 1.1 gigawatts of reliable Capacity, one for our storage capacity battery to two hour storage capacity capacity batteries and three virtual power plants.

0:10:47.860 --> 0:11:7.660
Brine, Matthew
The SA and Victoria tender was subject to consultation in August and September of last year, with tenders opening in December and Stage 8 Bids closing on the 23rd of February that tend to receiving bids for up to 600 megawatts of for our equivalent to dispatchable capacity.

0:11:8.30 --> 0:11:15.420
Brine, Matthew
Projects must be located in South Australia or Victoria and have a minimum storage duration of two hours and a minimum size of 30 megawatts.

0:11:16.870 --> 0:11:23.200
Brine, Matthew
That brings us to the subject of today's briefing, the national capacity investment scheme, which was announced in November.

0:11:24.30 --> 0:11:26.180
Brine, Matthew
That was delivering 32 gigawatts.

0:11:27.660 --> 0:11:31.970
Brine, Matthew
Importantly, the scheme has now been expanded to encourage new investment.

0:11:31.990 --> 0:11:44.830
Brine, Matthew
In renewable storage, this is a key part of the government's policy to achieve 82% renewables by 2030 and filling generation and reliability gaps as our fleet of ageing coal fired power stations retire.

0:11:45.990 --> 0:11:52.500
Brine, Matthew
As you can see on this slide, the first enemy wide auction 2:50, it's scheduled to commence in May.

0:11:52.690 --> 0:12:2.140
Brine, Matthew
It will be generation only, noting that we have an active dispatchable auction in Vic SA and don't want to overlap with that to expect it to seek 6 gigawatts.

0:12:2.590 --> 0:12:5.160
Brine, Matthew
After that, we'll move to a cadence of NIM.

0:12:5.170 --> 0:12:9.700
Brine, Matthew
Wide auctions for generation and capacity every six months.

0:12:9.710 --> 0:12:16.420
Brine, Matthew
Four in the second half of this year, we'll be seeking 4 gigawatts of renewables and three gigawatts of dispatchable power.

0:12:17.200 --> 0:12:30.980
Brine, Matthew
We're also well progressed on a design paper on the WA sees auctions that's being developed in partnership with our colleagues in the Western Australian Government and we should release a separate design paper on that in coming weeks.

0:12:32.620 --> 0:12:36.530
Brine, Matthew
Just turning very briefly to renewable energy transformation, agreements.

0:12:36.840 --> 0:12:42.860
Brine, Matthew
So to support the delivery of the capacity investment scheme, the Commonwealth is negotiating with the states.

0:12:44.160 --> 0:12:50.640
Brine, Matthew
18 gigawatts of the 32 gigawatts has been reserved to support those retail negotiations.

0:12:52.210 --> 0:13:12.610
Brine, Matthew
The 18 gigawatts will be allocated across states based on their level of ambition around issues like increasing renewable energy generation, maintaining energy system reliability and implementing enabling policies in areas such as workforce, social licence, energy efficiency and planning and environmental approvals.

0:13:14.30 --> 0:13:18.850
Brine, Matthew
As I mentioned earlier, we're intending to include Rita allocations in the first auction.

0:13:19.420 --> 0:13:30.800
Brine, Matthew
I'm pleased to say there is a real collaborative sense to those Commonwealth states are negotiations and they're moving quite quickly and we hope to have more to say about those reader allocations in coming weeks.

0:13:31.690 --> 0:13:36.180
Brine, Matthew
Umm, I might just pause there and hand over to Zoe.

0:13:36.440 --> 0:13:36.800
Brine, Matthew
Thank you.

0:13:46.270 --> 0:13:56.510
Konovalov, Zoe
So the design paper that we released provides information about 2 main products which we will be holding tenders and inviting bids for.

0:13:57.80 --> 0:13:59.170
Konovalov, Zoe
So those two products are the generations.

0:13:59.180 --> 0:14:3.270
Konovalov, Zoe
This agreement, or CISA, and the clean, dispatchable CISA.

0:14:4.140 --> 0:14:16.300
Konovalov, Zoe
So these products have a number of shared commercial characteristics and they also have a few distinctive features that are tailored to the specifics of the technologies which will be going into more detail on in the following slides.

0:14:17.80 --> 0:14:42.840
Konovalov, Zoe
The main purpose of both of these products is to de risk investments and accelerate deployment of renewables in farming to support the delivery of the government's 82% renewables by 2030 target as Matt just alluded to, we will be releasing draft term sheets for each product following this consultation process and those will have more details about the key commercial characteristics.

0:14:43.930 --> 0:14:58.100
Konovalov, Zoe
I do note that the SA Vic tender and is currently underway and so there are details through that tender about the clean, dispatchable CISA that's been released for that particular product.

0:14:58.470 --> 0:15:0.770
Konovalov, Zoe
And so that that gives you an idea.

0:15:0.780 --> 0:15:8.230
Konovalov, Zoe
Obviously that product is going to be a starting point for the clean, dispatchable CISA that we're working on for tender four.

0:15:9.470 --> 0:15:29.980
Konovalov, Zoe
Although we do expect that there will be changes over time from tender to tender and these will be consulted on so, the term sheets will include details around a biddable annual Support cap that will also cap revenue clawback and it will provide information about the revenue sharing percentages below and above the floor for both of the products.

0:15:31.100 --> 0:15:31.850
Konovalov, Zoe
Next slide please.

0:15:33.720 --> 0:15:43.770
Konovalov, Zoe
So this slide just shows the conceptual basics of the dispatchable scissor, so there's a bit able net revenue floor and a biddable net revenue ceiling.

0:15:44.520 --> 0:16:6.800
Konovalov, Zoe
So the Commonwealth will pay the owner a certain percentage of the shortfall below the revenue floor in the SA Vic tender, that percentage is 90% and for the net revenue ceiling, the owner will pay the Commonwealth a certain percentage of revenue above the revenue ceiling and for the SA Vic tender that is currently 50%.

0:16:7.180 --> 0:16:10.160
Konovalov, Zoe
And again noting that that's that's just for that tender.

0:16:10.170 --> 0:16:10.800
Konovalov, Zoe
So it is.

0:16:10.810 --> 0:16:19.860
Konovalov, Zoe
It is possible that those that those terms will change the net revenue calculation includes all revenues that accrue to the project.

0:16:19.870 --> 0:16:25.410
Konovalov, Zoe
So that includes any spot revenue, any revenue from participation in ancillary markets.

0:16:25.980 --> 0:16:34.470
Konovalov, Zoe
I'll take contracts, other contracts or and you know any new revenue sources that that don't exist now, but which may exist in the future.

0:16:35.550 --> 0:16:55.860
Konovalov, Zoe
And there are also a few performance requirements that are specific to the dispatchable CISA, so that includes, and a requirement around performance during LOR 3 events where the project must bid at least 50% of its contracted capacity for its minimum duration during those events, and availability requirements.

0:16:56.260 --> 0:17:0.460
Konovalov, Zoe
And I'm sure there will be many questions about these.

0:17:0.470 --> 0:17:5.280
Konovalov, Zoe
So we're aware that this is this is a topic of keen interest to stakeholders.

0:17:6.10 --> 0:17:7.170
Konovalov, Zoe
Next slide please.

0:17:11.90 --> 0:17:22.440
Konovalov, Zoe
The generation CISA product is very similar, so there is also revenue sharing below the net revenue floor and above the ceiling for the generation product.

0:17:22.490 --> 0:17:25.240
Konovalov, Zoe
It's volumetric net revenue that's underwritten.

0:17:25.250 --> 0:17:44.410
Konovalov, Zoe
So revenue per MW hour and so that means that generation risk is taken by the project operator but similar to the dispatchable CISA, we anticipate that all sources of revenue are wrapped up into that net revenue calculation and that includes any revenue from contracts.

0:17:45.380 --> 0:18:2.200
Konovalov, Zoe
There will also be negative price provisions and so any negative pricing we deem the price effectively at zero when we do that never have new calculation and there is anticipated to be some requirements about minimum levels of performance.

0:18:3.580 --> 0:18:4.230
Konovalov, Zoe
Next slide please.

0:18:7.340 --> 0:18:12.230
Konovalov, Zoe
And we wanted to really highlight this issue in the design paper.

0:18:12.240 --> 0:18:38.140
Konovalov, Zoe
We have received a lot of interest in feedback from stakeholders about the potential effect of the CIS on the the contract markets and this is this is an issue that we've been keenly aware of in the design of the CIS and there's a number of design features which we aim we hope will preserve incentives to participate in the contract market.

0:18:38.770 --> 0:18:45.160
Konovalov, Zoe
So the first issue is really about ensuring that there is not a risk of double liability.

0:18:45.830 --> 0:19:5.860
Konovalov, Zoe
So this is a situation that, given that there's a clawback in this CIS above a ceiling, we want to avoid a situation where a project could be on the hook twice for club back to the Commonwealth and also to payments to a contractual counterparty when prices are high.

0:19:7.300 --> 0:19:13.860
Konovalov, Zoe
And so this is handled by the inclusion of eligible wholesale contracts in the net revenue calculation.

0:19:14.170 --> 0:19:21.960
Konovalov, Zoe
And so the net effect of that is what's underwritten rather than attempting to kind of claw back the same revenue twice.

0:19:22.340 --> 0:19:29.300
Konovalov, Zoe
And Brad, on the next slide will be giving more details about what eligible wholesale contracts means.

0:19:30.290 --> 0:19:47.750
Konovalov, Zoe
The other issue or the other design feature which we hope preserves those incentives to participate in contracts markets is the fact that while the CISA products aim to direct investments, they don't take away that risk completely.

0:19:47.760 --> 0:19:55.630
Konovalov, Zoe
And so there, there is some incentive that is maintained at all times for projects to still participate in contract markets.

0:19:56.930 --> 0:20:1.180
Konovalov, Zoe
So there is some level of revenue sharing below the floor.

0:20:1.870 --> 0:20:10.760
Konovalov, Zoe
So there is some incentive even to sign a contract below the floor to avoid that kind of slight, slight loss.

0:20:11.210 --> 0:20:21.580
Konovalov, Zoe
There's we think there's full incentive to sign contracts between the floor and the ceiling and there's still is incentive to sign contracts above the ceiling given the revenue.

0:20:21.590 --> 0:20:33.280
Konovalov, Zoe
Callback is only partial and over and above that there are we expect there to continue to be biddable annual support caps which also limit revenue clawback.

0:20:33.540 --> 0:20:40.770
Konovalov, Zoe
And so then both on the downside and the upside, we expect that that adds some incentive as well to participating contracts market.

0:20:41.820 --> 0:20:44.520
Konovalov, Zoe
We are keenly interested in this issue.

0:20:44.530 --> 0:20:54.580
Konovalov, Zoe
We've invited feedback on this in the design paper, so we really want to hear from you about what you think about these design features and and this risk.

0:20:54.680 --> 0:21:2.340
Konovalov, Zoe
And we have canvassed in the design paper some alternative design options which would be possible for the generation.

0:21:2.350 --> 0:21:2.630
Konovalov, Zoe
CISA.

0:21:2.770 --> 0:21:8.790
Konovalov, Zoe
Yeah, that we also address this issue and Brad will talk more about those in future slides.

0:21:9.120 --> 0:21:10.410
Konovalov, Zoe
So might pass to Brad.

0:21:10.420 --> 0:21:11.540
Konovalov, Zoe
Now for the next slide please.

0:21:15.30 --> 0:21:15.510
Brad Hopkins
Excellent.

0:21:15.520 --> 0:21:28.340
Brad Hopkins
Thank you, Zoe and Zoe outlined a core objective of the CIS is to preserve the wholesale contracts market and, if possible, to enhance that market.

0:21:28.810 --> 0:21:31.760
Brad Hopkins
We recognize that that's a complex objective.

0:21:31.770 --> 0:21:42.720
Brad Hopkins
So if we are intervening and providing a form of financial support, how do we do that without cutting across all of the good work that is being done by the wholesale contracts market?

0:21:43.220 --> 0:21:51.360
Brad Hopkins
We also recognize that many international schemes have undermined participation in the wholesale contracts market.

0:21:51.370 --> 0:22:2.390
Brad Hopkins
So if you look at see if D based schemes, they've drawn capacity out of those markets and for larger schemes that's becoming a problem in those markets.

0:22:2.450 --> 0:22:5.690
Brad Hopkins
So all of those things are very well understood.

0:22:6.620 --> 0:22:49.300
Brad Hopkins
So the shared challenge that we have is how do we create a support mechanism to get new generation built under the generation sister well still in those markets Zoe has outlined the Commonwealth proposal for doing that and one important element of that is that if you want revenue calculated within the colour, then you can attribute revenue to that with through eligible wholesale contracts we've included in the design A definition of eligible wholesale contracts and which is a proposed definition.

0:22:49.360 --> 0:22:49.470
Brad Hopkins
And.

0:22:53.710 --> 0:23:0.160
Brad Hopkins
We don't think that every wholesale contract should be eligible nd I'll also talk through why.

0:23:0.810 --> 0:23:14.60
Brad Hopkins
But we think that the features of a wholesale contract that should make it eligible are that it's on an arms length basis, that it aligns with the generation on negative pricing.

0:23:14.190 --> 0:23:34.570
Brad Hopkins
So the Commonwealth, umm, the Commonwealth position is that it won't take negative pricing risk that it's for one year or more and that it not be effectively for gaming the scissor so not be not sort of seek to drive adverse outcomes for the Commonwealth for example.

0:23:35.530 --> 0:23:42.840
Brad Hopkins
So there will be some, by necessity, some constraints around the types of wholesale contracts that are eligible.

0:23:43.240 --> 0:23:53.520
Brad Hopkins
And one thing we would like your feedback on is, do those constraints unnecessarily constrain the wholesale contracts market?

0:23:54.90 --> 0:24:3.820
Brad Hopkins
For example, we're aware that some wholesale contracts have, say, up front payments in exchange for changes in the strike price.

0:24:4.650 --> 0:24:9.640
Brad Hopkins
So there's some of those characteristics that would be constrained by these models.

0:24:10.410 --> 0:24:12.700
Brad Hopkins
The allocation of negative pricing risk.

0:24:12.770 --> 0:24:26.630
Brad Hopkins
So we're really looking to you who are sort of working constantly in these markets to provide us feedback on you know how this eligible wholesale contracts mechanism could work.

0:24:27.600 --> 0:24:34.410
Brad Hopkins
I'm the if in the calculation an eligible wholesale contract is disallowed.

0:24:34.540 --> 0:24:53.790
Brad Hopkins
So for example, if you have assumed if you've entered into a contract, you're receiving X dollars of revenue under that contract, and that's disallowed, then we would, we would revert, we would adjust the calculation so that it refers to electricity sales in trading intervals.

0:24:53.800 --> 0:24:57.630
Brad Hopkins
So it would, it would revert back to the observable wholesale market.

0:24:57.950 --> 0:25:1.610
Brad Hopkins
Uh electricity prices for transparency?

0:25:2.720 --> 0:25:23.40
Brad Hopkins
And the other, the other element of this, which we're very keen to get feedback on is the uh, the complexity around the calculations and if we just move to the next slide, I'll talk through the sort of some of those complexities.

0:25:23.450 --> 0:25:36.550
Brad Hopkins
So the traditional Support contracts look at the sales of electricity into the pool and the contract that has been most commonly used is a fixed for floating swaps.

0:25:36.560 --> 0:25:46.600
Brad Hopkins
So projects pay, pay floating receive fixed from other the PPA provider or in this case the Commonwealth.

0:25:46.650 --> 0:26:2.10
Brad Hopkins
So the project is done through a fixed for floating swap arrangement because the structure here is a revenue per MW hour swap and it's calculated on a quarterly basis, including the revenues from wholesale contracts.

0:26:2.480 --> 0:26:9.870
Brad Hopkins
We need a mechanism that that captures all of the revenues attributable to the project.

0:26:10.200 --> 0:26:33.450
Brad Hopkins
The proposal that the Commonwealth has put forward is that the project operator uh, it must be an SPV that that SPV must own the project and all the revenues attributable to that project and the expenses associated with that project must throw flow through the SPV that that is.

0:26:33.460 --> 0:26:39.150
Brad Hopkins
TV is the registered name participant and receives all the financial value associated with the project.

0:26:39.320 --> 0:26:49.410
Brad Hopkins
So we're trying to quarantine the revenues attributable to the project in a corporate entity, that corporate entity.

0:26:51.580 --> 0:26:54.950
Brad Hopkins
And still contract so it can still enter into contracts.

0:26:54.960 --> 0:26:57.970
Brad Hopkins
It can still enter into related party contracts.

0:26:58.220 --> 0:27:12.830
Brad Hopkins
It can still do all the things that are corporate entity can do, but it gives the Commonwealth a higher degree of transparency on exactly what revenues are being earned by the entity.

0:27:12.920 --> 0:27:19.490
Brad Hopkins
So that's the objective with the introduction of a special purpose vehicle.

0:27:20.340 --> 0:27:23.470
Brad Hopkins
I'm and where it links to the previous slide is.

0:27:23.480 --> 0:27:29.930
Brad Hopkins
If we're thinking about eligible wholesale contracts, it would be that entity that enters into an eligible wholesale contract.

0:27:30.400 --> 0:27:50.100
Brad Hopkins
We've had discussions with integrated generator retailers who are concerned that they're entity would be entering into belated party transactions, so the policy allows that and again they just need to be on an arms length basis and sort of fit within those other parameters.

0:27:52.220 --> 0:27:55.650
Brad Hopkins
If we could jump through to the next slide.

0:27:58.330 --> 0:28:0.460
Brad Hopkins
So I've outlined.

0:28:2.640 --> 0:28:27.220
Brad Hopkins
The proposed solution that we've put into the design paper and the proposed approach that we put into the design paper we acknowledge that that there are other solutions to these problems and one of the things that we are keen to hear from you on is what those solutions might be and just to to recap on the problem definition.

0:28:27.230 --> 0:28:29.700
Brad Hopkins
So we want to preserve the wholesale contracts market.

0:28:29.870 --> 0:28:34.80
Brad Hopkins
So we think this will Support better consumer outcomes and retail competition.

0:28:35.90 --> 0:28:44.280
Brad Hopkins
We want transparency on the calculations so we the wholesale contracts market and the LDC market aren't necessarily observable markets.

0:28:44.370 --> 0:28:55.230
Brad Hopkins
And so they're we want to be able to calculate exactly what the revenues of the project are and to ensure that there's no gaming associated with those revenues.

0:28:56.140 --> 0:29:0.950
Brad Hopkins
We want to minimize transaction costs and complexity or for everybody.

0:29:1.40 --> 0:29:21.460
Brad Hopkins
And one of the things we've learned through the NSW tenders is that there is a real overhead for both projects and for government in managing these contracts and we need to minimize cost and risk to the Commonwealth and for those costs and risks to be sort of transparent and well understood.

0:29:21.700 --> 0:29:36.850
Brad Hopkins
So with those problem definitions in mind and some other alternatives that we've outlined in the design paper, one is that there's an option structure and so it's a similar to what we've seen in NSW.

0:29:36.860 --> 0:29:38.420
Brad Hopkins
It's an annual option.

0:29:39.190 --> 0:29:50.30
Brad Hopkins
If a project is if a project is in an eligible wholesale contract, then it just doesn't exercise its option in relation to that part of its project.

0:29:50.120 --> 0:29:52.510
Brad Hopkins
So it's an option to get access to a floor.

0:29:53.500 --> 0:29:59.170
Brad Hopkins
In that design, we would fix some of the challenges that have been I'll pass.

0:30:0.210 --> 0:30:2.670
Brad Hopkins
See how easy it is to get access to that floor?

0:30:3.500 --> 0:30:3.750
Brad Hopkins
Uh.

0:30:4.20 --> 0:30:22.350
Brad Hopkins
And so you get immediate access to the floor if you exercise the option, there would be physical delivery of the green products to the Commonwealth and that again is just to deal with the some of the opacity around the value and prices of some of those green products.

0:30:23.710 --> 0:30:29.180
Brad Hopkins
So an option structure is 1 potential solution to the problem.

0:30:29.640 --> 0:30:33.40
Brad Hopkins
Again, it's imperfect and we welcome your feedback on it.

0:30:33.390 --> 0:30:49.900
Brad Hopkins
The second potential solution is a volumetric exclusion for contracts, and so if you've got a wholesale markets contract, over 10% of your project, then that 10% would just be excluded from the calculations.

0:30:50.670 --> 0:31:6.210
Brad Hopkins
So the only portion of your project that enjoys the benefit of the collar protection is the portion that you're selling into the spot market effectively and that gives transparency on those calculations in a simpler way.

0:31:7.310 --> 0:31:8.680
Brad Hopkins
Umm, no.

0:31:8.690 --> 0:31:20.160
Brad Hopkins
We think we think some of those options could allow the removal of the SPV requirement and so there's some other simplifications, but there are trade-offs.

0:31:20.230 --> 0:31:21.150
Brad Hopkins
And so we want to be.

0:31:22.670 --> 0:31:25.500
Brad Hopkins
We want to be open about those considerations.

0:31:25.550 --> 0:31:38.390
Brad Hopkins
Open about those trade offs and to for you to view this process as a code development process that we're going through with you, the market and so very much welcome your input on that.

0:31:39.400 --> 0:31:46.840
Brad Hopkins
I'm and happy to take questions on the product through the Q and a portion of this discussion.

0:31:48.830 --> 0:32:1.50
Brad Hopkins
That that concludes the portion on the product we might move then to talking about the tender and the and the tender design through the eligibility and merit assessment.

0:32:2.750 --> 0:32:44.490
Brad Hopkins
And the eligibility and merit assessment will be very similar to what many of you have seen through the NSW tenders and through the SA Vic tenders and I'll talk generally about what the objectives are of those eligibility and merit assessment and then the specifics of any tender and the commitments that we make to you around that assessment are set out in tender guidelines and so they will contain the definitive terms and conditions upon which you participate in the tender and anything I provide now is, is context for that more, more complete process contract the from.

0:32:44.700 --> 0:32:54.240
Brad Hopkins
An eligibility perspective, we want to make sure that projects have progressed beyond sort of the earliest stage.

0:32:54.300 --> 0:32:58.990
Brad Hopkins
So the CIS is intended to bring forward and accelerate generation.

0:32:59.50 --> 0:33:7.910
Brad Hopkins
So you do not need to have your project at financial close, but you do need to have a real project that is capable of assessment.

0:33:8.660 --> 0:33:19.470
Brad Hopkins
What we think that means is that for to be eligible or to expect to progress through the tender, you need to have your LAN tenure sorted out.

0:33:19.590 --> 0:33:35.560
Brad Hopkins
So if you don't have land, you don't have a project, so we will expect people to have all of the tenure secured served through options or through leases or through ownership and your access to land will be due diligence through the tender.

0:33:35.570 --> 0:33:47.810
Brad Hopkins
So if you do not have access to land, if you have not secured land, you should wait until you have prior to bidding and that will be checked by our legal advisors through the process.

0:33:48.750 --> 0:34:6.80
Brad Hopkins
Uh, you should have also engaged with the relevant planning authority in your state, and that doesn't mean that you need your planning permission, but you need to demonstrate engagement with the relevant planning authority.

0:34:6.90 --> 0:34:22.870
Brad Hopkins
You need to be in the planning system and you need to you need to understand your planning pathway and that's really important because if you don't understand the process that you need to go through for planning, then again it's too early stage to bid for financial support.

0:34:22.920 --> 0:34:27.790
Brad Hopkins
So we're looking for projects that have understood that they've engaged with the planning authority.

0:34:27.800 --> 0:34:29.730
Brad Hopkins
They're in the system and they've understood.

0:34:31.360 --> 0:34:35.910
Brad Hopkins
Similarly, our expectation is that you would have engaged with the relevant NSP.

0:34:36.240 --> 0:34:41.610
Brad Hopkins
So under the national electricity rules, the equivalent of a connection enquiry response.

0:34:41.900 --> 0:34:58.740
Brad Hopkins
So you've provided an inquiry and you've received a response back from the NSP that again provides you with information on the requirements of what's going to be needed for you to progress your project through to commissioning uh.

0:34:59.280 --> 0:35:4.990
Brad Hopkins
And then there's a series of other minimum requirements.

0:35:5.0 --> 0:35:9.230
Brad Hopkins
So you will need to register with AEMO in in central dispatch.

0:35:9.610 --> 0:35:11.570
Brad Hopkins
You will need to.

0:35:12.500 --> 0:35:17.330
Brad Hopkins
You will need to be a 0 emissions project again, that will be that will be tested.

0:35:18.330 --> 0:35:27.140
Brad Hopkins
Umm there will be sort of minimum requirements on compliance with law and other things.

0:35:27.670 --> 0:35:30.700
Brad Hopkins
Things like Ferb requirements will be set out as well.

0:35:30.710 --> 0:35:38.320
Brad Hopkins
So and again, if you haven't got those things, you know our advice is not to show up to the tender.

0:35:38.390 --> 0:35:40.410
Brad Hopkins
You don't need to show up to the first tender.

0:35:40.420 --> 0:35:49.180
Brad Hopkins
There's going to be tenders every six months and so our encouragement is that you wait until those things are ready and bid with confidence.

0:35:49.230 --> 0:35:54.600
Brad Hopkins
Once you have those things in train, I'm once you are through eligibility.

0:35:54.610 --> 0:35:59.720
Brad Hopkins
We're splitting the tender into two stages, so stage A is the project bid assessment.

0:35:59.730 --> 0:36:2.630
Brad Hopkins
Stage B is a financial value bit assessment.

0:36:3.190 --> 0:36:27.930
Brad Hopkins
The reason that we do that is because stage A only requires you to bid effectively qualitative information and so whilst you will be engaging with EPC contractors and you will be sort of trying to pin down the relevant costs and financial bid parameters, you don't need to bid those in stage A.

0:36:28.220 --> 0:36:37.170
Brad Hopkins
So we acknowledge and understand that there's a significant cost in post on projects in going through and submitting binding financial Bids.

0:36:37.380 --> 0:36:43.180
Brad Hopkins
So only the shortlisted proponents will be required to do that in in stage B.

0:36:43.750 --> 0:36:49.960
Brad Hopkins
So effectively we split the tender in that way in order to minimize transaction costs for the market.

0:36:50.710 --> 0:36:52.290
Brad Hopkins
Again, if people have feedback on that.

0:36:53.690 --> 0:36:57.340
Brad Hopkins
The person's are running this the department.

0:36:57.610 --> 0:37:9.800
Brad Hopkins
Who's who formerly with Arena, it's very sensitive to bid costs and very sensitive to the imposed on the market and we welcome feedback on aspects of the way we've structured this.

0:37:10.990 --> 0:37:17.980
Brad Hopkins
So stage A is going to be a focus on where the project is up to.

0:37:17.990 --> 0:37:25.10
Brad Hopkins
So we'll focus on the likelihood that the project is able to get to commissioning within its time frame.

0:37:25.20 --> 0:37:26.870
Brad Hopkins
We'll look at progress through planning.

0:37:27.580 --> 0:37:37.860
Brad Hopkins
We'll look at how far progressed you are with things like procurement, community, and then we'll also look at the capability of the proponent.

0:37:37.900 --> 0:37:45.950
Brad Hopkins
So we will think about whether you've done this before, whether the consortium that you have brought together has done this before.

0:37:47.100 --> 0:37:53.810
Brad Hopkins
The scoring guide looks at previous experience in Australia and internationally, and we do.

0:37:53.820 --> 0:38:10.330
Brad Hopkins
We do welcome and recognize new entrants and those new entrants can still score very highly on proponent capability if they build the right consortium around them and if the individuals in those consortia have the ability to demonstrate that they have capability.

0:38:11.790 --> 0:38:39.310
Brad Hopkins
We will also be looking at supply chain and First Nations engagement, and we'll talk more about First Nations engagement as we sort of later in the Webinar, the financial value bid will predominantly assess the value of the generation that you are providing relative to the cost you are the cost you are requesting or the level of support you are requesting.

0:38:39.320 --> 0:38:50.770
Brad Hopkins
So there have been precedence precedent sort of tenders in Australia and internationally where it's been a shootout on LCOE and a shootout on strike price.

0:38:51.360 --> 0:38:52.640
Brad Hopkins
That is not what we are doing.

0:38:52.930 --> 0:38:58.630
Brad Hopkins
We are looking for projects that produce the highest value.

0:39:0.780 --> 0:39:8.160
Brad Hopkins
I was required cost so it will be a cost benefit type assessment rather than a an LOI shootout.

0:39:9.0 --> 0:39:10.280
Brad Hopkins
I'm in stage B.

0:39:10.290 --> 0:39:12.980
Brad Hopkins
You'll be required to bid back a contract.

0:39:13.260 --> 0:39:26.410
Brad Hopkins
Our hope or our intention is that we provide the contract soon that you have an opportunity through stage A to provide non assessed feedback on the contract and that we provide you with a conforming draft.

0:39:26.880 --> 0:39:40.850
Brad Hopkins
It will be set out in the guidelines when we get to it, but our expectation is that you will not be able to provide departures on that contract and that we will not be assessing Bids that do markup that contract.

0:39:41.150 --> 0:39:51.720
Brad Hopkins
So it's important that you provide your feedback when we publish the draft and in stage A because by the time you get to stage B, the expectation is that you will not be able to amend the contract.

0:39:52.840 --> 0:39:59.130
Brad Hopkins
The and again, that's very consistent with these with these large scale tenders globally.

0:39:59.380 --> 0:40:4.390
Brad Hopkins
They're simply these types of tenders don't work if everyone is marking up the contract.

0:40:5.510 --> 0:40:13.810
Brad Hopkins
Umm, the last piece of stage B is social licence commitments and so there will be binding social licence commitments.

0:40:13.820 --> 0:40:19.470
Brad Hopkins
So we will take what you provide in stage A as being your community and First Nations commitments.

0:40:19.990 --> 0:40:22.750
Brad Hopkins
They will be documented in a schedule in the contract.

0:40:24.110 --> 0:40:41.220
Brad Hopkins
They will be assessed again at Stage B to make sure you have documented what you committed to and then those social licence commitments will be enforced in the contract is designed to facilitate strict enforcement of those social licence commitments.

0:40:42.290 --> 0:40:44.830
Brad Hopkins
Again, welcome feedback on any of that.

0:40:46.320 --> 0:40:51.10
Brad Hopkins
And if we can just move through to the last slide.

0:40:53.570 --> 0:41:30.900
Brad Hopkins
So we recognize and have been sort of very pleased with the level of innovation that's emerged through the NSW tenders, so particularly the integrated resource provider rule change has led to a lot of lot of hybrid projects emerging and those projects have been very competitive in tenders where we recognize the benefits to the grid and to the economics of the project associated with having.

0:41:32.140 --> 0:41:44.450
Brad Hopkins
Having hybrid projects and so within the CIS that that is the hybrid projects that are predominantly generation projects but with a battery.

0:41:44.520 --> 0:41:57.860
Brad Hopkins
Often it doesn't need to be a battery, but generally with a battery added on and we we've accommodated those they will be eligible for the generation system.

0:41:57.870 --> 0:42:0.850
Brad Hopkins
So eligible for this tender that is that is coming up.

0:42:2.540 --> 0:42:8.150
Brad Hopkins
The way we have set up the contract to accommodate those configurations.

0:42:8.400 --> 0:42:17.510
Brad Hopkins
We are assessing the projects and attributing some benefit to those to the Co located storage.

0:42:17.600 --> 0:42:28.950
Brad Hopkins
So we acknowledge that code located storage can create greater benefits associated with the project because you're able to move sort of time shift generation and provide other grid support services.

0:42:30.510 --> 0:42:33.980
Brad Hopkins
So so those are valued and the in the assessment.

0:42:34.110 --> 0:42:35.120
Brad Hopkins
So you get points for that?

0:42:36.20 --> 0:42:38.220
Brad Hopkins
Umm, we also acknowledge that.

0:42:40.270 --> 0:42:44.140
Brad Hopkins
Every tender that we've run, people have come up with new ideas.

0:42:44.150 --> 0:43:3.400
Brad Hopkins
Those new ideas have often been excellent, and so if there are new ideas that don't necessarily fit within what we have, or we've set out in the contractual arrangements and within the tender, please let us know through the Q&A process and through your bid and we will seek to to accommodate that.

0:43:4.710 --> 0:43:15.400
Brad Hopkins
So we recognise there's going to be innovation in how projects are evolving, what's best for market, what's most efficient and we want to make sure we accommodate that through the tender process.

0:43:16.440 --> 0:43:30.70
Brad Hopkins
I'm hopefully we've covered what is necessary in in, in the current market, but open minded if people have other suggestions on that, I'm so that's it for me.

0:43:30.80 --> 0:43:35.760
Brad Hopkins
I might pass to Salim to talk you through tender governance and decision making.

0:43:40.140 --> 0:43:41.230
MAZOUZ, Salim
Thank you very much.

0:43:41.720 --> 0:43:42.650
MAZOUZ, Salim
Thanks prad.

0:43:43.500 --> 0:43:45.270
MAZOUZ, Salim
Thanks for running through those details.

0:43:45.280 --> 0:43:56.110
MAZOUZ, Salim
There's a large number of people on the call of who are very keen to get into the the design detail and there's a very fine balance and we're laser focused on getting the design right.

0:43:56.580 --> 0:44:4.750
MAZOUZ, Salim
So we're extremely keen to hear your views including on the design and alternatives that we've put forward in the design paper itself.

0:44:4.760 --> 0:44:9.670
MAZOUZ, Salim
And of course, if you've got other thoughts, we're very keen to hear them too.

0:44:9.920 --> 0:44:11.990
MAZOUZ, Salim
Now just zooming out a little.

0:44:12.510 --> 0:44:21.700
MAZOUZ, Salim
I'll quickly run through tender governance, a highlight in the eligibility criterion and briefly touch on next steps before we get to the Q&A.

0:44:23.660 --> 0:44:38.400
MAZOUZ, Salim
In terms of governance, the Australian government will be setting the policy objective tender size and terms and our tender delivery partner will administer the competitive system due process including communications with proponents.

0:44:39.470 --> 0:45:7.450
MAZOUZ, Salim
I'm the Minister for climate change and energy will select the successful projects, but based on I'm, you know, recommendations from our delivery partner, noting that the delivery partner I will base its recommendation as on the rigorous tender process that will be going through and Brad sort of ran through a number of the elements there that you that you can see will guide the decision making process.

0:45:9.100 --> 0:45:19.400
MAZOUZ, Salim
The tender process will involve 3 stages and Brad already went through the 1st 2 stages earlier, so just quickly recapping stage A the project this bid assessment.

0:45:19.410 --> 0:45:27.210
MAZOUZ, Salim
Stage will serve to solve the short list bid Bids based on tender eligibility and merit criteria.

0:45:27.800 --> 0:45:45.620
MAZOUZ, Salim
Shortlisted candidates are then invited to submit financial value bid in Stage B and then stage C is in place for our delivery partner to undertake some due diligence and prepare their list of recommended projects for decision by the Minister for Climate Change and Energy.

0:45:46.490 --> 0:45:47.320
MAZOUZ, Salim
Next slide please.

0:45:51.460 --> 0:45:52.660
MAZOUZ, Salim
Umm one point.

0:45:52.670 --> 0:46:2.810
MAZOUZ, Salim
We just wanted to highlight here in terms of eligibility criteria is that projects that REACH committed status after announcement of the CSSI eligible to apply.

0:46:3.440 --> 0:46:32.820
MAZOUZ, Salim
So for the dispatchable component, this means any project that reached or or reaches financial flows after the 8th of December 2022, which is when the dispatchable SIS was announced, can be deemed for the projects and for projects that have reached financial close after the announcement of the expanded sees in the generation tender, that date is the 23rd of November.

0:46:33.170 --> 0:46:40.510
MAZOUZ, Salim
So they're the key there is that we're seeking to avoid slowing down projects that might otherwise fear missing out on the system.

0:46:40.670 --> 0:46:52.150
MAZOUZ, Salim
And I should also point out that the more progress projects are, the higher the likelihood of reaching completion and therefore the higher there will be ranked in the merit criteria.

0:46:52.550 --> 0:47:6.210
MAZOUZ, Salim
So this point is just to say to proponents, if you're looking to reach financial close, you can continue pursuing that and then bidding with your projects when the tender is open.

0:47:7.390 --> 0:47:8.120
MAZOUZ, Salim
Next slide please.

0:47:11.830 --> 0:47:22.210
MAZOUZ, Salim
So this slide is just to call on you all to submit your heavier side feedback on the system design paper through the consultation hub before the 25th of March.

0:47:23.60 --> 0:47:29.670
MAZOUZ, Salim
Umm I should also flag that that we have a Western Australian design paper that will soon be released.

0:47:29.680 --> 0:47:43.620
MAZOUZ, Salim
I know Matt touched on that and a as was the process for the SA tender, a term sheet and guidelines will be released for the April, May 2014, which is for name.

0:47:43.630 --> 0:47:56.350
MAZOUZ, Salim
Why bids from Project seeking a generation CISA, with an indicative initial target of 6 gigawatts renewable capacity, and with that, handing us back to Fiona here for the Q&A.

0:48:2.420 --> 0:48:5.110
Fiona Thompson
Celine, can you just give me a wave if you can hear me?

0:48:5.120 --> 0:48:7.440
Fiona Thompson
I've got a slight issue with my teams at the moment.

0:48:11.20 --> 0:48:11.610
MAZOUZ, Salim
Yes, we can.

0:48:11.620 --> 0:48:12.240
MAZOUZ, Salim
We can hear you.

0:48:12.800 --> 0:48:13.650
Fiona Thompson
OK, fantastic.

0:48:13.660 --> 0:48:14.320
Fiona Thompson
Thank you so much.

0:48:14.330 --> 0:48:15.330
Fiona Thompson
Apologies for that.

0:48:16.80 --> 0:48:21.230
Fiona Thompson
So we've actually had quite a lot of questions come through already and we've we're ready to take some more.

0:48:21.280 --> 0:48:22.520
Fiona Thompson
We'll get through as many as we can.

0:48:24.660 --> 0:48:43.950
Fiona Thompson
Don't forget you can join the discussion by following again the QR code that's on the screen, or you can go to slido.com and enter the code 3586459 uh and if you're unable to access the Q&A, you can also text your question to 0403511028.

0:48:45.700 --> 0:48:51.810
Fiona Thompson
So what we'll do now is we'll just pop to the very first question, which has been very popular on slido.

0:48:51.820 --> 0:48:53.290
Fiona Thompson
It's got 23 likes.

0:48:53.560 --> 0:48:56.630
Fiona Thompson
The question is going to be for both Salim and Brad.

0:48:57.100 --> 0:48:58.790
Fiona Thompson
So we'll go first to Slim.

0:48:59.180 --> 0:49:4.460
Fiona Thompson
The question is, are the lower 3 linkages in the Scheme open to further consultation?

0:49:7.290 --> 0:49:7.820
MAZOUZ, Salim
All right.

0:49:7.880 --> 0:49:8.920
MAZOUZ, Salim
Yes, yes.

0:49:8.930 --> 0:49:25.0
MAZOUZ, Salim
Open to further consultation, I mean fundamentally the need for the Commonwealth government here is to make sure that we support reliability, and AEMO is very keen to make sure that capacity is available during LOR 3 events.

0:49:25.170 --> 0:49:36.720
MAZOUZ, Salim
We understand the trade-offs here, so clearly you know needing to be available during LOR 3 events means that it may change behaviour at the margin close to those events.

0:49:36.730 --> 0:49:37.770
MAZOUZ, Salim
For umm.

0:49:37.780 --> 0:49:40.670
MAZOUZ, Salim
For project proponents, so there are trade offs there.

0:49:40.780 --> 0:49:51.360
MAZOUZ, Salim
If people have solutions that that that they think would work, noting that trade-off, we are definitely keen to hear them Brad and thoughts.

0:49:52.280 --> 0:49:54.590
Brad Hopkins
No, all the all of that's 100% correct.

0:49:54.600 --> 0:49:54.970
Brad Hopkins
Slim.

0:49:54.980 --> 0:50:5.680
Brad Hopkins
I just want to add like the the vicar a contract that that is in the market at the in tender at the moment has an LOR 3 requirement in it.

0:50:6.710 --> 0:50:13.740
Brad Hopkins
And if you're the slim in my comments on this topic, which are sort of open minded.

0:50:14.180 --> 0:50:23.960
Brad Hopkins
Umm, but don't necessarily translate to that tendon, so you should take for the purposes of that tender you should look at the communication that's coming out around that tender.

0:50:24.830 --> 0:50:29.870
Brad Hopkins
If that tender says you can't amend that requirement like bid on the basis of that requirement, then.

0:50:31.290 --> 0:50:36.590
Brad Hopkins
Please don't assume that our flexibility in this discussion translates to that tender.

0:50:40.580 --> 0:50:42.650
Brad Hopkins
So it's a really tricky requirement.

0:50:42.800 --> 0:50:51.590
Brad Hopkins
We acknowledge that we acknowledge that from a policy perspective, it's a trade-off and there are some real slim outlines.

0:50:51.600 --> 0:51:6.480
Brad Hopkins
Some of the some of the trade-offs and compromises we have found through the NSW tenders that they're successful bidders have been able to accept that requirement unamended at no additional cost.

0:51:7.180 --> 0:51:25.810
Brad Hopkins
And so, remembering that you're not in a bilateral negotiation with a rational decision maker, you're in a competitive tender and if someone is willing to accept that requirement at no cost and you're not, then you lose the tender.

0:51:27.530 --> 0:51:50.140
Brad Hopkins
So it's important to keep that competitive element in mind as you are thinking through how you respond to that, but wholly acknowledge it's a really tricky issue and rest assured, the Commonwealth an email and others have had a lot of discussions on your feedback and will continue to consider the topic.

0:51:55.260 --> 0:51:58.770
Fiona Thompson
Do you have anything more that you wanted to add to that one or should we throw to the next question?

0:52:1.240 --> 0:52:4.40
MAZOUZ, Salim
Yeah, it was enough, but thank you.

0:52:4.460 --> 0:52:11.740
Fiona Thompson
The next question is for Zoe, and the question is why are VPP's excluded from the first storage tenders?

0:52:18.600 --> 0:52:19.270
Konovalov, Zoe
Thank you.

0:52:19.940 --> 0:52:21.210
Konovalov, Zoe
Yeah, that is right.

0:52:21.220 --> 0:52:28.590
Konovalov, Zoe
So the SA Vic tender for dispatchable capacity does not include VPP.

0:52:28.600 --> 0:52:35.210
Konovalov, Zoe
However, we have a long term intention that VP will be eligible in the clean, dispatchable tenders.

0:52:35.460 --> 0:52:52.60
Konovalov, Zoe
In terms of the SA Vic process, and I think I just would point to the pilot nature of that tender and the desire to kind of move quickly, umm, I kind of given issues in that shared region.

0:52:52.580 --> 0:52:53.130
Konovalov, Zoe
Umm.

0:52:53.440 --> 0:53:0.390
Konovalov, Zoe
Brad, you might have more thoughts on that one about the particular reason why DPP wasn't included in Slavic.

0:53:2.880 --> 0:53:5.610
Brad Hopkins
Yeah, it shows very happy to happy to contribute.

0:53:5.660 --> 0:53:23.380
Brad Hopkins
I mean I think we I acknowledge the very significant role VPN's are going to play in enhancing reliability and the rooftop solar rollout in Australia is such that distributed batteries can really play a compelling role.

0:53:24.60 --> 0:53:26.290
Brad Hopkins
UM, the core thing.

0:53:26.400 --> 0:53:44.450
Brad Hopkins
If, like from a email's perspective, VPP's aren't necessarily a positive for reliability at the moment, so VPS their behaviour in the market tends to be driven by retailer outcomes rather than reliability outcomes.

0:53:44.720 --> 0:53:47.610
Brad Hopkins
And so they are not, they're not registered with central dispatch.

0:53:47.620 --> 0:53:51.110
Brad Hopkins
They're not participating in a way that is predictable for ammo.

0:53:51.900 --> 0:53:57.610
Brad Hopkins
So the and I know the AMC and others are doing a lot of work on this and lots of people have been contributing.

0:53:58.490 --> 0:54:18.960
Brad Hopkins
I'm, but if we are, if the Commonwealth policy is promoting reliability, then we need to make sure that VPS are contributing to reliability before we're able to support them through the tender and that's the work that's being done to get that happening as quickly as possible.

0:54:22.780 --> 0:54:23.390
Fiona Thompson
Thank you.

0:54:23.430 --> 0:54:34.430
Fiona Thompson
The next question I have is for Salim and the question is, how will the CIS destruction to ensure that incentives are aligned with the necessary longer duration dispatchable capacity?

0:54:42.440 --> 0:54:43.690
MAZOUZ, Salim
I'm think.

0:54:43.840 --> 0:54:45.750
MAZOUZ, Salim
Thank you for for the question.

0:54:45.940 --> 0:54:46.330
MAZOUZ, Salim
Yeah.

0:54:46.340 --> 0:54:59.460
MAZOUZ, Salim
So the capacity investment scheme is structured to ensure that the value of energy is is valued properly as projects are selected.

0:55:1.560 --> 0:55:15.890
MAZOUZ, Salim
The long duration dispatchable capacity question is 1 where we have a little bit of tension with needing to be available by 2030 for this particular Scheme, noting that a number of.

0:55:16.640 --> 0:55:29.970
MAZOUZ, Salim
To support systems are already in place, like for example, the Commonwealth is investing in in Snowy 2.0 at various state governments are investing in in long duration storage as well, especially pump hydro.

0:55:30.620 --> 0:55:54.500
MAZOUZ, Salim
So in a way, what we're doing as part of our tender is to allow any technology to come through, right and indeed longer duration means that it's got more benefits for reliability and that's taken into account in the merit criteria you know, but ultimately projects need to be available and functional by 2030.

0:55:54.690 --> 0:55:55.380
MAZOUZ, Salim
Don't know, Brad.

0:55:55.390 --> 0:55:57.920
MAZOUZ, Salim
That's another one where you might might have some thoughts.

0:56:1.550 --> 0:56:7.830
Brad Hopkins
And I know, I mean, I I agree with agree with what you've described, Salim, like long duration storage.

0:56:9.810 --> 0:56:24.120
Brad Hopkins
Is eligible, can bid and if it if it makes the right contributions to reliability based on the modelling that we're doing then then it it should be competitive.

0:56:24.180 --> 0:56:41.620
Brad Hopkins
And indeed, in the in the Commonwealth NSW tender, we did have all durations competing against each other and there was, umm, not long duration, but certainly the relevant durations were highly valued.

0:56:41.810 --> 0:56:45.810
Brad Hopkins
So for our batteries prevailed in in that tender.

0:56:46.490 --> 0:56:53.460
Brad Hopkins
And if there's one of the things that will help with longer duration storage, is is.

0:56:53.470 --> 0:57:10.690
Brad Hopkins
If there's modelling approaches that you think properly value those longer durations, then would be keen to hear about those and to keen to make sure that you're not cost benefit analysis was where attributing the right benefits to long duration storage.

0:57:10.920 --> 0:57:13.180
Brad Hopkins
So really welcome your thoughts on that.

0:57:16.990 --> 0:57:18.70
Fiona Thompson
Thank you very much.

0:57:18.490 --> 0:57:20.790
Fiona Thompson
We will go back to Zoe now with the question.

0:57:20.800 --> 0:57:27.0
Fiona Thompson
The next question, which is how is the CIS thinking about generation lost to thermal curtailment?

0:57:27.10 --> 0:57:32.430
Fiona Thompson
Or MLS, will the CIS provide revenue support for assets in the situation?

0:57:35.150 --> 0:57:35.560
Konovalov, Zoe
Yes.

0:57:35.570 --> 0:57:36.600
Konovalov, Zoe
Thank you for the question.

0:57:36.870 --> 0:57:38.560
Konovalov, Zoe
Yeah, we acknowledge that.

0:57:38.570 --> 0:57:45.120
Konovalov, Zoe
Umm, curtailment is a key risk for projects and it will really impact on project financials.

0:57:45.790 --> 0:57:55.890
Konovalov, Zoe
I suppose that the design of the CIS recognizes that someone has to be in a position to sort of pursue and manage that risk.

0:57:56.20 --> 0:58:8.480
Konovalov, Zoe
And we think that ultimately it's more efficient for that risk to sit with projects in, you know, in terms of our trajectory to meeting the government, say 2% target by 2030.

0:58:8.490 --> 0:58:19.350
Konovalov, Zoe
It's important that projects be in the right place and we would expect that you know a project in a good place may be able to put in a more competitive bid.

0:58:20.120 --> 0:58:27.60
Konovalov, Zoe
So that's I suppose our view of where the risk allocation best sits brighter.

0:58:27.70 --> 0:58:29.130
Konovalov, Zoe
Salim, you might have more to add to this one.

0:58:30.280 --> 0:58:31.630
Brad Hopkins
No, that that was perfect. Zoe.

0:58:31.680 --> 0:58:40.550
Brad Hopkins
Yep, the appropriate risk allocation is for projects to take locational price signal risk, not for that to be borne by the Commonwealth.

0:58:44.750 --> 0:58:45.280
Fiona Thompson
Thank you.

0:58:45.290 --> 0:58:49.50
Fiona Thompson
And Bradley, you're Cameron, cause the next question is for you.

0:58:49.290 --> 0:58:57.550
Fiona Thompson
And the next question is, are projects able to vary floor ceiling or annuity cap values over the 15 year Support term?

0:58:59.800 --> 0:59:1.390
Brad Hopkins
And that's a great question.

0:59:1.600 --> 0:59:8.150
Brad Hopkins
The and in the in the NSW tenders we did allow that.

0:59:9.40 --> 0:59:12.700
Brad Hopkins
I think we will look to try and allow that.

0:59:19.940 --> 0:59:22.620
Brad Hopkins
That's a bit variable that people can adjust over time.

0:59:25.110 --> 0:59:32.330
Brad Hopkins
So yeah, please provide that feedback through the submission and we'll make sure we incorporate and an ability to do that.

0:59:33.820 --> 0:59:42.640
Brad Hopkins
The one of the one of the struggles we have constantly is adding elements like that can be really valuable and we've seen that.

0:59:43.230 --> 0:59:51.420
Brad Hopkins
We've seen some people who need very little support for the 1st 10 years and then more support after that and that can be quite efficient.

0:59:51.650 --> 0:59:59.580
Brad Hopkins
But every kind of element that we allow change to adds complexity for you as bidders and for us as assessors.

0:59:59.590 --> 1:0:5.980
Brad Hopkins
So there's a balance that we try and strike, but I think that is one that could potentially makes sense.

1:0:9.290 --> 1:0:10.200
Fiona Thompson
Thank you very much.

1:0:10.490 --> 1:0:16.220
Fiona Thompson
We haven't unknown unknown anonymous question now from Ben Beattie and it's for Zoe.

1:0:16.750 --> 1:0:22.650
Fiona Thompson
The question is, will the Scheme limit the amount of solar to minimise instances of negative wholesale prices?

1:0:24.630 --> 1:0:24.960
Konovalov, Zoe
Yes.

1:0:24.970 --> 1:0:25.960
Konovalov, Zoe
Thank you for the question.

1:0:26.690 --> 1:0:36.960
Konovalov, Zoe
In general, the design of the CIS aims to be technology neutral within the category of renewable technology and clean dispatchable capacity.

1:0:37.680 --> 1:0:38.140
Konovalov, Zoe
Umm.

1:0:38.680 --> 1:0:47.170
Konovalov, Zoe
And the way that we distinguish between particular technology characteristics and particular projects will really show up in the merit assessment.

1:0:47.920 --> 1:0:52.80
Konovalov, Zoe
So Brad touched on this in the financial value assessment.

1:0:52.760 --> 1:0:53.310
Konovalov, Zoe
Umm.

1:0:53.620 --> 1:0:57.70
Konovalov, Zoe
Which we will conduct on the Bids.

1:0:57.480 --> 1:1:8.250
Konovalov, Zoe
That will look at some forecasts of what projects would be expected to cost to the Commonwealth under various scenarios of future markets.

1:1:9.160 --> 1:1:17.410
Konovalov, Zoe
And so you'd expect that for technologies like solar and wind, those would be expected to have different profiles of dispatch weighted prices.

1:1:17.420 --> 1:1:24.390
Konovalov, Zoe
And then therefore different expected payouts against whatever the floor and sealing settings are.

1:1:25.430 --> 1:1:34.70
Konovalov, Zoe
So it's really important to us that we get that methodology assessment right and as Brett alluded to, we will be consulting on that further.

1:1:34.430 --> 1:1:36.530
Konovalov, Zoe
Do you have anything to add to that broader saline?

1:1:38.480 --> 1:1:39.290
Brad Hopkins
Guy, that's great.

1:1:39.380 --> 1:1:45.670
Brad Hopkins
It's the like if solar can contribute value rather than being the lowest strike.

1:1:45.680 --> 1:1:58.340
Brad Hopkins
If it's contributing value then umm it can prevail in the tender and the and that will depend on a whole range of different factors as we outlined.

1:2:3.290 --> 1:2:3.910
Fiona Thompson
Fantastic.

1:2:4.650 --> 1:2:5.140
Fiona Thompson
OK.

1:2:5.350 --> 1:2:13.40
Fiona Thompson
The next question is for silent and it is someone's asked if offshore wind is eligible to participate in the CIS.

1:2:14.660 --> 1:2:25.950
MAZOUZ, Salim
It's a great segue question to the one that was posed as previously, because the it's the flip side of the solar and potential for sort of dispatching into negative price periods.

1:2:26.280 --> 1:2:32.70
MAZOUZ, Salim
So ultimately, we're trying to be technology neutral across renewable technologies.

1:2:32.80 --> 1:2:47.380
MAZOUZ, Salim
And so to the extent that a project is able to dispatch into higher price periods and you would expect offshore wind to be able to do that, certainly more than solar and some of the correlated onshore wind that we already have.

1:2:47.870 --> 1:2:56.20
MAZOUZ, Salim
Uh, you would expect that to mean that they can bid, you know, a higher flow price and still have a chance of winning a tender.

1:2:56.510 --> 1:3:10.70
MAZOUZ, Salim
That said, one of the challenges with offshore wind may be timing, so the projects for us need to be able to generate by 2030 and with offshore wind projects that that may be a challenge for at least some of them.

1:3:12.690 --> 1:3:14.930
Fiona Thompson
18 uh what's it?

1:3:14.940 --> 1:3:16.180
Fiona Thompson
Very couple of questions today.

1:3:16.190 --> 1:3:17.760
Fiona Thompson
This next one's got 17 lights.

1:3:17.770 --> 1:3:32.340
Fiona Thompson
At the moment it's going to Zoe and the question is why are Jen ceases set to exclude all negative prices when almost everyone bids at the LGC price in the future.

1:3:32.630 --> 1:3:34.380
Fiona Thompson
This reduces the available generation.

1:3:36.180 --> 1:3:36.510
Konovalov, Zoe
Yes.

1:3:36.520 --> 1:3:37.490
Konovalov, Zoe
Thank you for the question.

1:3:37.900 --> 1:3:43.910
Konovalov, Zoe
So just to be clear, we're not prohibiting projects from beating it at negative prices.

1:3:44.640 --> 1:3:51.950
Konovalov, Zoe
What we are proposing is that what the review the floor covers through zero.

1:3:52.690 --> 1:4:10.310
Konovalov, Zoe
So if a project expects to receive revenue from LGC or other green certificates, umm, you may still have an incentive to bid negative, but what the CIS floor covers will be between the floor and zero if that makes sense.

1:4:15.50 --> 1:4:16.80
Fiona Thompson
Thank you very much.

1:4:16.590 --> 1:4:16.800
Fiona Thompson
Bye.

1:4:16.810 --> 1:4:18.370
Fiona Thompson
Back to selling with this next one.

1:4:18.790 --> 1:4:22.20
Fiona Thompson
And the question is why is future fuel ready?

1:4:22.30 --> 1:4:25.220
Fiona Thompson
Gas firming Capacity excluded from the CIS.

1:4:25.370 --> 1:4:31.50
Fiona Thompson
It will be difficult to retire coal power stations with Abbott at best is for intraday balancing.

1:4:33.690 --> 1:4:33.890
MAZOUZ, Salim
Yes.

1:4:33.910 --> 1:4:35.920
MAZOUZ, Salim
Thank you for that question.

1:4:36.280 --> 1:4:41.550
MAZOUZ, Salim
So the capacity investment scheme is there to incentivise clean technologies only.

1:4:41.620 --> 1:4:48.770
MAZOUZ, Salim
So there's a restriction there in terms of what kinds of technologies we're able to support through the capacity investment scheme.

1:4:48.940 --> 1:4:57.810
MAZOUZ, Salim
And I would note that the capacity investment scheme is not the only way in which various technologies are our can be incentivized.

1:4:58.280 --> 1:5:2.960
MAZOUZ, Salim
So yeah, the, you know the simple.

1:5:2.970 --> 1:5:9.970
MAZOUZ, Salim
The simple answer is really about exclusion of non clean technologies for this Scheme in particular.

1:5:11.760 --> 1:5:12.150
MAZOUZ, Salim
I don't know.

1:5:12.160 --> 1:5:12.510
MAZOUZ, Salim
It did.

1:5:15.30 --> 1:5:16.900
MAZOUZ, Salim
Uh, it's all leave it at that.

1:5:16.910 --> 1:5:17.270
MAZOUZ, Salim
Thank you.

1:5:19.400 --> 1:5:20.370
Fiona Thompson
No problem.

1:5:20.530 --> 1:5:30.670
Fiona Thompson
So the next question we will go to Brad with and the question is why are hybrid projects only able to submit as a generation CSA?

1:5:30.960 --> 1:5:35.820
Fiona Thompson
Would it be better to make both CSA options available for hybrid plant proponents to choose?

1:5:38.600 --> 1:5:42.700
Brad Hopkins
And yeah, we look, we agonized over this one we also.

1:5:45.80 --> 1:5:52.50
Brad Hopkins
We also thought long and hard about whether we should develop a hybrid contract so 1/3 contract.

1:5:53.600 --> 1:5:58.160
Brad Hopkins
And we looked at the different merits of doing that.

1:5:59.550 --> 1:6:30.130
Brad Hopkins
I think again it we think that they generation contract should sorry the generations Lisa should give a project that is predominantly a generation project but has a has a kind of storage component we think that should give you what you need and I'd encourage you to sort of look at that the details in that contract when it's published if people think it doesn't give them what it needs.

1:6:30.140 --> 1:6:40.930
Brad Hopkins
If people think it's, it's the there's sort of more efficient approaches elsewhere, then we're open minded about reconsidering that in future tenders.

1:6:41.900 --> 1:6:47.650
Brad Hopkins
But we have seen hybrid projects successfully come forward using this contract structure.

1:6:49.270 --> 1:6:51.760
Brad Hopkins
It it'll flip, it'll flip potentially.

1:6:51.770 --> 1:7:4.20
Brad Hopkins
If your battery is the dominant part of the project, so if the generation sort of an add on to the battery then then I'm sort of sympathetic to the argument that a different approach is required.

1:7:4.30 --> 1:7:15.940
Brad Hopkins
But given that this first tender is going to focus on generation, we've got until later in the year to make the decision about whether we adjust that approach.

1:7:16.10 --> 1:7:18.160
Brad Hopkins
So we've been thoughtful about it.

1:7:18.170 --> 1:7:25.180
Brad Hopkins
We've tried to make it work for you as the market and but you're we'll welcome feedback on it.

1:7:28.120 --> 1:7:29.220
Fiona Thompson
You so much out.

1:7:29.550 --> 1:7:30.470
Fiona Thompson
Back to Zoe again.

1:7:31.630 --> 1:7:35.870
Fiona Thompson
Uh, and Zoe, could you elaborate a bit more on the double liability risks, please?

1:7:39.60 --> 1:7:39.390
Konovalov, Zoe
Yes.

1:7:39.400 --> 1:7:52.830
Konovalov, Zoe
So this this risk has been identified to us through consultation as one of the key risks with a scheme like the CIS, so the issue would be, for example, take a battery project.

1:7:54.130 --> 1:7:57.440
Konovalov, Zoe
If it was to, say, sell some kind of cap.

1:7:58.100 --> 1:7:58.640
Konovalov, Zoe
Umm.

1:7:59.150 --> 1:8:1.330
Konovalov, Zoe
And there was a period of high prices.

1:8:1.460 --> 1:8:16.750
Konovalov, Zoe
There may be a situation in which under the ceiling clawback under the scissor, the battery may owe money to the Commonwealth after 1/4 with very high electricity prices, and they may also owe their contractual counterparty.

1:8:17.510 --> 1:8:45.490
Konovalov, Zoe
Umm uh that they've sold the cap to and the same could be potentially true for generation and the issue there is just if this is a ceiling calculation is completely independent of a project contractual position, then this is a contract maybe seeking to claw back revenue that doesn't actually really exist because that that revenue is also owed to a contractual counterparty.

1:8:48.630 --> 1:8:49.500
Fiona Thompson
Thank you.

1:8:49.970 --> 1:8:51.780
Fiona Thompson
We'll go back to selling now.

1:8:51.840 --> 1:8:58.190
Fiona Thompson
And so then the question is our WA tenders incremental or included in the total 32 gig?

1:9:0.180 --> 1:9:1.730
MAZOUZ, Salim
I'm thank you for that question.

1:9:1.740 --> 1:9:4.790
MAZOUZ, Salim
Just a quick comment on the previous question as well.

1:9:4.980 --> 1:9:6.710
MAZOUZ, Salim
I think so.

1:9:6.720 --> 1:9:15.530
MAZOUZ, Salim
We articulated the issue really well and I think under both of the options that we're presenting in the paper, there are solutions to this.

1:9:15.540 --> 1:9:18.610
MAZOUZ, Salim
So under the main option that we're presenting the.

1:9:20.470 --> 1:9:28.730
MAZOUZ, Salim
Revenues from contracts are taken into account, so therefore there is no double counting and all double liability.

1:9:28.920 --> 1:9:42.140
MAZOUZ, Salim
And in the in the alternative design that Brad also highlighted, if you were to exercise the the contract revenues from the calculations, then again there's no double liability.

1:9:42.150 --> 1:9:45.100
MAZOUZ, Salim
So just wanted to highlight those two points.

1:9:45.110 --> 1:9:50.340
MAZOUZ, Salim
And in terms of the question about WWA, it's included.

1:9:50.490 --> 1:9:54.10
MAZOUZ, Salim
So the 32 gigawatts are for all grids.

1:9:58.540 --> 1:9:58.890
Fiona Thompson
Thank you.

1:9:58.900 --> 1:9:59.670
Fiona Thompson
It's very clear.

1:10:0.440 --> 1:10:8.850
Fiona Thompson
So next questions for Grant for Brad, with Q2 less than a month away, when can we expect tender guidelines for these tenders to be?

1:10:9.100 --> 1:10:12.880
Fiona Thompson
When, when will we be seeing the tender guidelines for each of the tenders? Question.

1:10:13.720 --> 1:10:14.310
Brad Hopkins
Yeah.

1:10:14.960 --> 1:10:15.660
Brad Hopkins
That's a.

1:10:15.740 --> 1:10:17.50
Brad Hopkins
That's a very fair question.

1:10:17.120 --> 1:10:43.740
Brad Hopkins
The so the two pieces of collateral we think are really important to get to you are the contract and the guidelines what you will have seen today in the design paper and also in the SA Vic tender guidelines is a fairly it's fairly consistent in terms of eligibility and merit requirements.

1:10:44.740 --> 1:10:59.460
Brad Hopkins
So whilst the final guidelines will be definitive, if you look at that material and if you look at the SA Vic tender guidelines, you will be in a good position to sort of to jump into that when it emerges.

1:10:59.470 --> 1:11:10.510
Brad Hopkins
So I'd really encourage you to look at the SA Vic guidelines or for preparing the stage A bids because it's going to be it's going to be fairly similar.

1:11:11.950 --> 1:11:23.60
Brad Hopkins
But that said, we are we are hoping to get your feedback, resolve the design and bid document out quickly.

1:11:23.710 --> 1:11:24.260
Brad Hopkins
So it is.

1:11:24.270 --> 1:11:25.780
Brad Hopkins
It is a very compressed time frame.

1:11:26.710 --> 1:11:34.270
Brad Hopkins
Uh, so we we're very aware of that and we will feedback before we go to market with that final set of collateral.

1:11:39.310 --> 1:11:40.440
Fiona Thompson
Thank you so much.

1:11:40.450 --> 1:11:42.480
Fiona Thompson
Uh, so just a quick point of order.

1:11:42.490 --> 1:11:42.920
Fiona Thompson
I'm you.

1:11:42.930 --> 1:11:48.680
Fiona Thompson
You'll notice that there's only a couple of questions in here that have been liked by multiple people that are not asking, and that's just where we've already.

1:11:50.330 --> 1:11:52.40
Fiona Thompson
Answered a really similar question.

1:11:52.430 --> 1:11:56.420
Fiona Thompson
So the next question is for you again, Brad, and it's about bonding.

1:11:56.470 --> 1:12:2.150
Fiona Thompson
Someone would like for you to talk to us about bonding, the NSW schemes punitive about this.

1:12:3.520 --> 1:12:5.200
Fiona Thompson
What's the framework for the CIS?

1:12:6.90 --> 1:12:6.660
Brad Hopkins
Yeah.

1:12:7.390 --> 1:12:9.330
Brad Hopkins
So bonding.

1:12:11.470 --> 1:12:19.870
Brad Hopkins
We use bonding to make sure that people are committed to the Bids that they put in.

1:12:20.190 --> 1:12:29.870
Brad Hopkins
And so it addresses a moral hazard where people Bids speculatively, or they bid without the intention of following through.

1:12:31.460 --> 1:12:33.790
Brad Hopkins
If they, if they don't have a bond and.

1:12:35.410 --> 1:12:38.830
Brad Hopkins
The question of whether it's punitive I think is fair.

1:12:39.420 --> 1:12:45.850
Brad Hopkins
So if the bond is too high, if that economic risk is too high, then it just incentivises people from bidding.

1:12:46.800 --> 1:13:20.440
Brad Hopkins
But if that bond is 0, then you get lots of bad behaviour and in the first UK CFD tender round the two project 2 solar projects that won that round as soon as they're rewarded contracts, they turned around and said, look, we didn't mean it where you where you we were just we were just we just put the bid in to see what would happen and that was very frustrating for all the people in the market who would bid genuinely in the expectation that they would be fairly assessed.

1:13:20.500 --> 1:13:27.990
Brad Hopkins
So what we're trying to do with the bonding is make sure that the people who bid are real and that they've thought about it.

1:13:28.40 --> 1:13:35.630
Brad Hopkins
And I think in NSW the maximum bond that you have to post to bid is $400,000.

1:13:36.180 --> 1:13:37.710
Brad Hopkins
You put that in a stage B.

1:13:39.360 --> 1:13:49.820
Brad Hopkins
My it my advice to the Commonwealth would be that we have a bond and that that addresses the issue.

1:13:51.230 --> 1:13:52.260
Brad Hopkins
I accept it.

1:13:52.310 --> 1:13:52.900
Brad Hopkins
It is.

1:13:52.910 --> 1:13:54.580
Brad Hopkins
It is difficult for bidders.

1:13:54.850 --> 1:14:7.400
Brad Hopkins
It does mean that the people you're competing with in the tender assessment are real or more likely to be real, and therefore it's to your benefit if there's a bond.

1:14:7.750 --> 1:14:12.260
Brad Hopkins
But again, please provide your feedback on it if you think it's adversely impacting.

1:14:12.340 --> 1:14:16.610
Brad Hopkins
If you think a bond of a quantum of $200,000 or $400,000.

1:14:18.360 --> 1:14:23.250
Brad Hopkins
Is counted to the policy intention then very keen to hear feedback.

1:14:26.890 --> 1:14:27.860
Fiona Thompson
Thank you so much.

1:14:33.500 --> 1:14:35.740
Brine, Matthew
They have, yes.

1:14:27.970 --> 1:14:38.940
Fiona Thompson
The next question is for Matt and the question Matt is when they we see details on the calling list and tender targets are allocated across states including WA and NT.

1:14:40.390 --> 1:14:41.220
Brine, Matthew
Yeah, yeah.

1:14:41.230 --> 1:14:44.490
Brine, Matthew
Those so in we put the total amounts out there so.

1:14:46.10 --> 1:14:50.580
Brine, Matthew
I think 18 gigawatts is being allocated through those meter agreements.

1:14:50.890 --> 1:14:59.610
Brine, Matthew
The negotiations are just winding up now and we're hoping to be in a position to put out this data allocations in the next couple of weeks.

1:15:1.280 --> 1:15:1.680
Brine, Matthew
Thank you.

1:15:3.820 --> 1:15:4.510
Fiona Thompson
Thank you.

1:15:4.520 --> 1:15:9.370
Fiona Thompson
Uh, and back to Brad again with the question on Brownfield eligibility.

1:15:10.0 --> 1:15:14.300
Fiona Thompson
Is that replacing turbines on a legacy wind farm considered an eligible project?

1:15:16.240 --> 1:15:24.280
Brad Hopkins
I'm I might need Zoe to help me out here, but my expectation is that absolutely brownfield projects should be eligible.

1:15:24.450 --> 1:15:38.750
Brad Hopkins
So if you're, if you are and we'll need to be kind of thoughtful about how we do that, but I think repowering legitimate repowering should be something that we are seeking to support.

1:15:45.680 --> 1:15:46.550
Brad Hopkins
Though he any.

1:15:46.410 --> 1:15:46.840
Konovalov, Zoe
Yeah.

1:15:46.850 --> 1:15:47.60
Konovalov, Zoe
Yeah.

1:15:47.70 --> 1:15:47.500
Konovalov, Zoe
Thanks, Fred.

1:15:47.510 --> 1:15:51.920
Konovalov, Zoe
I I don't have anything to add to that, just that, yeah, absolutely.

1:15:52.170 --> 1:16:0.490
Konovalov, Zoe
This spirit is that any genuinely additional capacity should be able to be supported, and I expect that there's some details we'll have to work through.

1:16:1.180 --> 1:16:3.730
Konovalov, Zoe
Umm I you know when? When?

1:16:3.740 --> 1:16:6.40
Konovalov, Zoe
When we, you know, keep on consulting with the market.

1:16:7.130 --> 1:16:7.580
Brad Hopkins
Yeah.

1:16:7.660 --> 1:16:19.0
Brad Hopkins
And I think the original CIS design paper said that we were supportive of very powering and the you can expect some details on that in the guidelines as to exactly how that will work.

1:16:23.50 --> 1:16:24.70
Fiona Thompson
Thank you very much.

1:16:24.400 --> 1:16:32.650
Fiona Thompson
I can next one is 4 and we've and we're running out of time, so we'll probably just take maybe three or four more questions depending how long the answers are.

1:16:33.140 --> 1:16:40.70
Fiona Thompson
But the next one is for Salim, and the question is what measures are being taken to ensure transmission networks are fit for purpose?

1:16:40.80 --> 1:16:42.200
Fiona Thompson
To support this new generation that's coming online.

1:16:44.460 --> 1:16:44.660
MAZOUZ, Salim
OK.

1:16:44.670 --> 1:16:45.670
MAZOUZ, Salim
Thank you for the question.

1:16:45.680 --> 1:16:56.270
MAZOUZ, Salim
The transmission is extremely important to this transition and clearly extremely important to supporting the capacity that we're looking to incentivize through the capacity investment scheme.

1:16:58.50 --> 1:17:10.480
MAZOUZ, Salim
You know, if you look at the ISP for example, the Aimo ISP, they expecting about 10,000 kilometres, I think of transmission that we needed by 2050.

1:17:10.650 --> 1:17:17.80
MAZOUZ, Salim
Now the Commonwealth government has a major investment into transmission, through rewiring the nations.

1:17:17.150 --> 1:17:27.950
MAZOUZ, Salim
So that's a huge $20 billion investment, and all jurisdictions are developing their own plans now in terms of the capacity investment scheme.

1:17:28.800 --> 1:17:38.890
MAZOUZ, Salim
As we're looking at projects and that includes then the due diligence as well at the at the back end, it's extremely important for projects to be able to connect, right.

1:17:38.900 --> 1:17:51.70
MAZOUZ, Salim
And so the CIS will not be incentivizing projects to just to you know to start building before there is clarity about where and how there will be.

1:17:51.140 --> 1:17:57.140
MAZOUZ, Salim
There will be able to connect, but I don't know Brad, did you have anything to add to that?

1:18:0.260 --> 1:18:4.500
Brad Hopkins
That wholeheartedly agree that will be will be assessing project.

1:18:5.140 --> 1:18:10.440
Brad Hopkins
Uh, I'm based on, but it's uh.

1:18:10.860 --> 1:18:14.760
Brad Hopkins
If you don't have access to transmission, you will be scored poorly.

1:18:15.70 --> 1:18:27.420
Brad Hopkins
Umm, the and then there are various state schemes emerging to support transmission, including renewable energy zones, and we'll be we have the ability to assess those things as well.

1:18:28.50 --> 1:18:28.890
Brad Hopkins
So it is.

1:18:31.180 --> 1:18:33.190
Brad Hopkins
It's incredibly important to, Salim said.

1:18:33.200 --> 1:18:36.360
Brad Hopkins
And it will all be taken into consideration in in what we're supporting.

1:18:40.740 --> 1:18:41.230
Fiona Thompson
OK.

1:18:41.530 --> 1:18:44.950
Fiona Thompson
Now the next question is on another incredibly important topic.

1:18:45.360 --> 1:18:53.270
Fiona Thompson
And the question is again for Brat, the question is what social licence criterion or evaluation will be used to compare projects?

1:18:53.550 --> 1:18:56.920
Fiona Thompson
How will the CIS be assessing First Nations engagement and benefits?

1:18:58.170 --> 1:18:59.350
Fiona Thompson
Kind of two questions, but.

1:18:59.900 --> 1:19:0.650
Brad Hopkins
Yeah.

1:19:0.710 --> 1:19:8.720
Brad Hopkins
The so the absolute minimum but will be to demonstrate that you have understood.

1:19:11.130 --> 1:19:14.720
Brad Hopkins
On Community and on First Nations community.

1:19:15.420 --> 1:19:36.700
Brad Hopkins
Umm and the and that that typically involves really strong engagement, understanding the impact of your project communicating with people so that you understand how your adversely impacting them and then making sure to the extent that you are having an adverse impact that you are offset minimizing it and offsetting it.

1:19:37.500 --> 1:19:46.840
Brad Hopkins
So that is the absolute basic hygiene factor that's required if you're not doing that, we will not be in a position to Support you.

1:19:47.630 --> 1:20:7.180
Brad Hopkins
We are thinking through other ways that we can enhance outcomes for First Nations people and including looking at shared ownership models, equity models that we've seen that I've used in other countries that we've seen very successful in energy transition and other countries.

1:20:7.790 --> 1:20:15.680
Brad Hopkins
And So what I would say to all proponents is that the we're very focused on personations outcomes.

1:20:15.690 --> 1:20:25.220
Brad Hopkins
If your project can deliver better First Nations outcomes than that will play very well in tender assessment and the details will be in the guidelines.

1:20:29.150 --> 1:20:30.80
Fiona Thompson
Thank you so much.

1:20:30.790 --> 1:20:46.390
Fiona Thompson
We might actually need to wrap up the Q&A session there because we're out of time, so I'll just ask that the slides be put back up, please and I'll run through how you can have your say in the contact details for the team here.

1:20:47.750 --> 1:20:48.320
Fiona Thompson
Thank you for that.

1:20:49.290 --> 1:20:59.680
Fiona Thompson
Uh, so as we talked about at the start of the session and throughout, you know there's an opportunity now to have your say and provide your feedback from the consultation hub.

1:21:0.570 --> 1:21:16.160
Fiona Thompson
So how do you say on the capacity investment scheme, public consultation, paper, all of the details are available on the department's consultation hub, but the web addresses on the screen there, they'll also be a copy of this webinar that will be passed that that would be shared and uploaded there too.

1:21:16.750 --> 1:21:22.170
Fiona Thompson
The department does take all feedback on board, and they implemented a number of design changes based on previous.

1:21:22.180 --> 1:21:24.30
Fiona Thompson
Have you'll see feedback out.

1:21:24.40 --> 1:21:34.410
Fiona Thompson
So it's, you know, it's really worthwhile having a read and providing your feedback and the appendix in the design paper includes a list of those changes that have been made previously.

1:21:34.760 --> 1:21:39.670
Fiona Thompson
So all previous feedback from the August 2023 consultation paper process.

1:21:39.840 --> 1:21:45.530
Fiona Thompson
These are also now publicly available on the department's website, so the details are up here on the screen.

1:21:46.570 --> 1:21:52.460
Fiona Thompson
And then that's the end of the formal part of the of today's presentation.

1:21:54.540 --> 1:21:57.90
Fiona Thompson
But I did want to say thank you so much for joining us today.

1:21:57.340 --> 1:22:1.610
Fiona Thompson
We really hope the webinars being informative and then it's answered some of your questions.

1:22:1.700 --> 1:22:12.300
Fiona Thompson
And as we talked about throughout the decision, it's just part of the Expanded Capacity investment scheme, design, paper consultation and that's now live web address again is on the screen for you.

1:22:12.500 --> 1:22:23.30
Fiona Thompson
So if you need more information, you can visit the website that you can also subscribe to receive updates and send emails to the address on the screen.

1:22:23.40 --> 1:22:30.170
Fiona Thompson
If you have specific questions that you would like that to have answered, so thank you again for joining us.

1:22:30.800 --> 1:22:34.570
Fiona Thompson
Please use the online portal if you do have questions or you need any more information.

1:22:34.680 --> 1:22:39.810
Fiona Thompson
And as I mentioned earlier, we'll also post the recording of this webinar on the website in the coming days.

1:22:39.940 --> 1:22:41.350
Fiona Thompson
So please keep an eye out for that.