# 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.