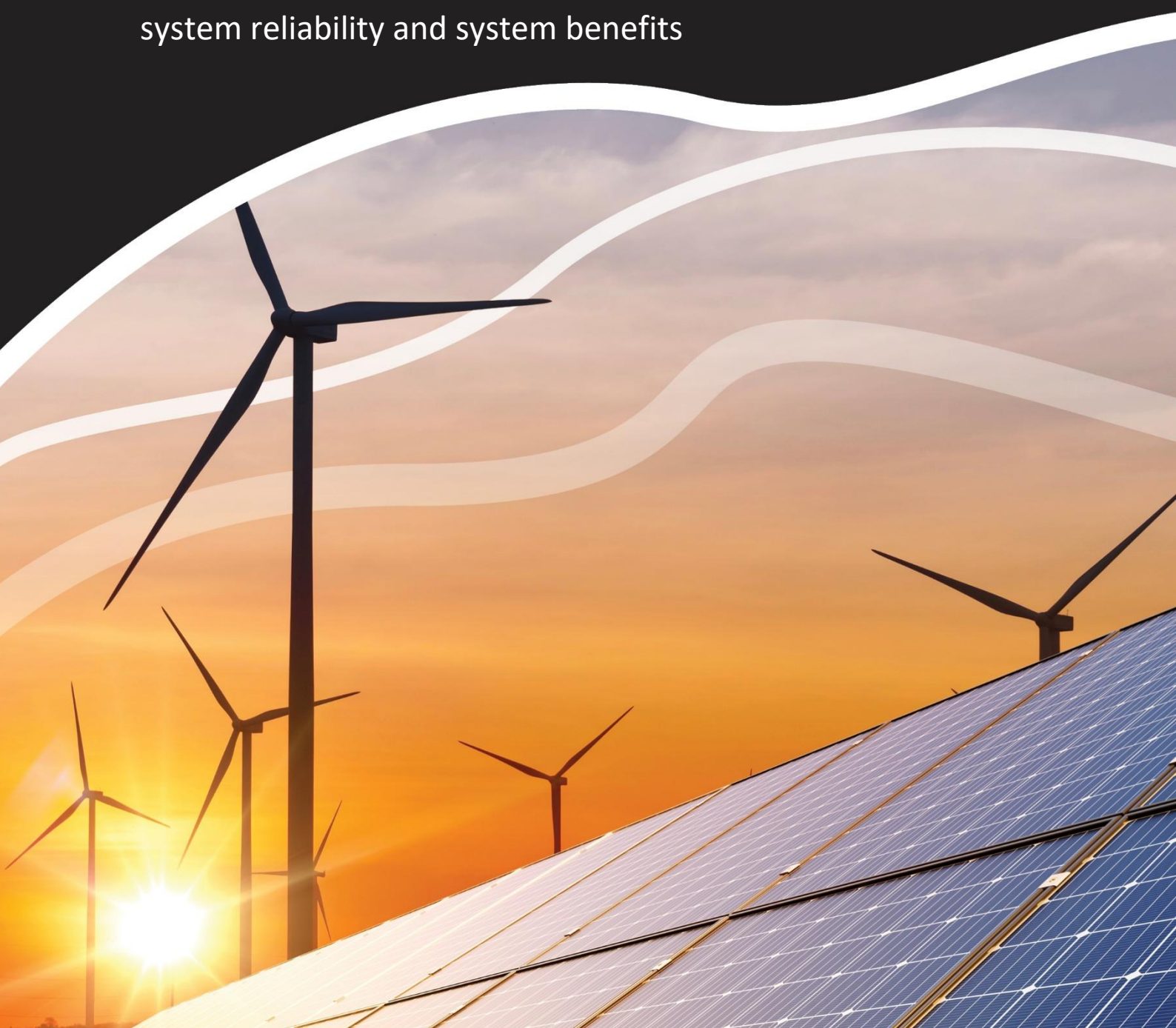
Australian Government

Department of Climate Change, Energy, the Environment and Water

Capacity Investment Scheme Tender 12: National Electricity Market - Generation

MC1 Market Briefing Note | November 2026

Guidance on evaluation of Merit Criterion 1 – Financial value, system reliability and system benefits



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Introduction

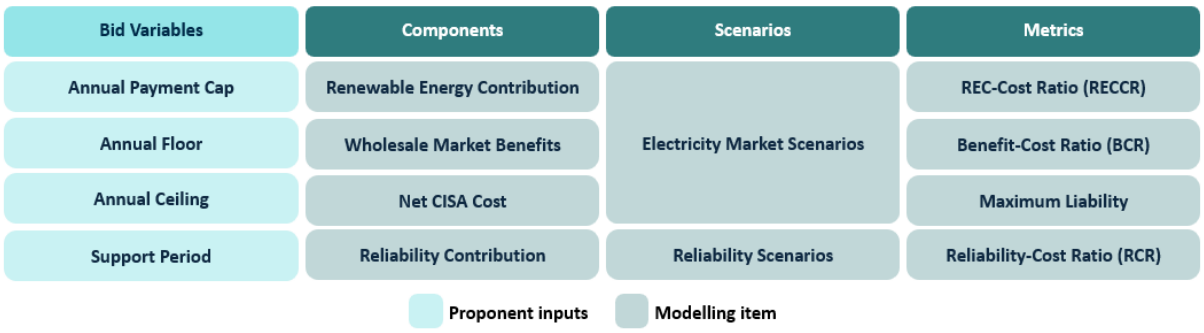
This Market Briefing Note sets out information relating to the evaluation of Merit Criterion (**MC**) 1 – *Financial value, system reliability and system benefits* in the Capacity Investment Scheme (**CIS**) Tender 12: National Electricity Market (**NEM**) Generation (**Tender Process**).

What you need to know when preparing your Bid

MC1 evaluates financial value, system reliability and system benefits using a range of benefit and cost metrics. CIS Bid Variables drive costs while Project Parameters inform both the forecast cost to the Commonwealth (**Net CISA Cost**) and the forecast benefits of the Project. In the MC1 assessment, Bids are scored from high to lower merit against the Renewable Energy Contribution-Cost Ratio, Benefit-Cost Ratio, Maximum Liability and Reliability-Cost Ratio (collectively, **Metrics**).

How are Bids assessed – In the MC1 assessment, cost and benefits are forecast by reference to the Net CISA Cost, Renewable Energy Contribution, Wholesale Market Benefits and Reliability Contribution (collectively, **Components**). These Components are then modelled across Electricity Market Scenarios and Reliability Scenarios as described in Section 3.3 (collectively, **Scenarios**). Scenario-Weighted Components are used to calculate Metrics for MC1 scoring purposes. The figure below provides an overview of this process.

Figure 1 - MC1 Assessment approach overview



What makes a competitive Bid – To be considered higher merit in MC1, Proponents should provide competitive Bid Variables that reduce the Net CISA Cost (e.g., a low Annual Floor and Annual Payment Cap, and requiring fewer years of support), but should also structure their Bid in a way that is sufficient to enable their Project to reach Financial Close, considering the Project's financing structure, realistic expectations of debt and/or equity requirements, and the technology type proposed.

Differentiation between technologies – The Electricity Market Scenarios outlined in Section 3.3 are designed to ensure that the differences in costs and benefits between technologies, such as wind and solar, are well reflected in modelled outcomes. The relative benefits of differing technologies are captured through the Renewable Energy Contribution, Wholesale Market Benefits and Reliability Contribution Components (collectively, **Project Benefits**). Net Operational Revenues estimated for modelled Projects are also reflective of the technology type and directly impact the Net CISA Cost.

What to provide – Proponents must provide their Bid Variables and Project Parameters in the MC1 Returnable Schedule.

1.0 Purpose of this document

This Market Briefing Note has been prepared to provide information to Proponents about how Projects may be assessed against MC1. It provides an overview of factors that are expected to affect the MC1 assessment of Projects, namely, the key Metrics and their underpinning Components.

In this Market Briefing Note:

- Section 2.0 outlines the relationship between this Market Briefing Note and the Tender Guidelines.
- Section 3.0 provides an overview of the MC1 assessment approach.
- Section 4.0 details each of the Components.
- Section 5.0 outlines the characteristics of a competitive Bid.
- Section 6.0 outlines the evaluation approach for Hybrid and Staged Projects.

2.0 Tender Guidelines

This Market Briefing Note has been drafted in accordance with the Tender Guidelines. However, to the extent of any inconsistency, the Tender Guidelines will prevail. Capitalised terms used but not defined in this document (including Appendix 1) have the meaning given in the Tender Guidelines or the Proforma CISA.

3.0 Overview of MC1 for this CIS T12 NEM Generation Tender Process

3.1. Policy Objectives

The Policy Objectives of this Tender 12 Process are to:

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

The objective of MC1 is to assess the Project's benefits to the NEM and the Net CISA Cost. The assessment of a Project's benefits to the NEM will include consideration of the Components outlined at Section 3.2. These benefits will be assessed against the Net CISA Cost to provide an indication of the financial value forecast to be delivered by the Project. The MC1 assessment approach is designed to identify eligible Projects from all Participating NEM Regions (i.e. excluding Non-Participating NEM Regions) that:

- can best contribute to meeting the Policy Objectives; and
- show competitive bidding behaviour with low Annual Payment Caps, low Annual Floors, low Annual Ceilings and a shorter Support Period.

3.2. Components

MC1 is expected to consider Bids across the three Project Benefits and Net CISA Cost. A summary of these Components is provided in Table 1 below and described further in Section 4.0.

All else being equal, Projects that can demonstrate a higher value for the Project Benefits, and a lower value for the Net CISA Cost, may be considered of higher merit. Project Parameters, such as a Project's location, modelled generation traces, Maximum Capacity and storage capacity and duration (if applicable), will be inputs into the model used in assessing a Bid to best reflect the expected generation profile of different technologies and Projects. These Project Parameters will therefore affect the Project Benefits and Net CISA Cost.

Table 1: Components assessed in MC1

Component		Summary
Project Benefits	Renewable Energy Contribution	• Forecasts the Project's ability to contribute to the Australian Government's 82% renewable electricity target and to generate in periods in which it can displace fossil fuels. • This is modelled using a single Scenario, with a single focus year, as indicated in Table 2. See Section 3.3 below.
	Wholesale Market Benefits	• Forecasts the reduced wholesale market costs of adding the Project to the NEM.

Component		Summary
		• This is modelled across several Electricity Market Scenarios. • Analysis will consider the Project Parameters and modelled generation in the wholesale market, as indicated in Table 2. See Section 3.3 below.
	Reliability Contribution	• Forecasts the Project's potential contribution to avoiding or reducing modelled unserved energy in the NEM. • This may be modelled across different time-horizons in the Reliability Scenarios. • Uses a similar approach to that within AEMO's Electricity Statement of Opportunities (**ESOO**) and is distinct from the modelling of the other Components. See Section 3.3.2 below.
Costs	Net CISA Cost	• The net present value of forecast payments from the Commonwealth under a Proforma CISA. • Considers the Bid Variables of the Project and the forecast of its Net Operational Revenue. • This is modelled across several Electricity Market Scenarios for the given Support Period, as indicated in Table 2. See Section 3.3 below.

Renewable Energy Contribution, Wholesale Market Benefits and Net CISA Cost are calculated by measuring the difference in certain values between a counterfactual scenario which excludes the Project being assessed (**Counterfactual Case**) and another scenario in which the Project being assessed is added to the Energy Market Model (**Project-Specific Case**), while holding all else constant. Costs are calculated as a function of the Project's Net Operational Revenue (**NOR**) modelled for each Electricity Market Scenario, and the Bid Variables provided in the MC1 Returnable Schedule. The processes for calculating Components is repeated individually for all Projects in the MC1 assessment, meaning that a consistent approach is taken to assessing all Bids submitted for this Tender Process. Projects with more favourable properties (e.g. a generation trace with production coinciding with periods of tight supply and high demand) are likely to have higher forecast NOR compared to Projects with less favourable properties, and are therefore likely to have a lower Net CISA Cost, holding all else constant.

3.3. Scenarios

Assessment will consider a range of scenarios to test Bids for their ability to demonstrate value across a range of potential future market outcomes (**Scenarios**). Scenarios will be developed to represent a range of theoretical future market conditions.

Table 2 outlines three forecasting Scenarios (**Electricity Market Scenarios**) for Wholesale Market Benefits and Net CISA Cost. An adapted version of the Central Scenario (excluding generic new-build generation capacity) is used to calculate the Renewable Energy Contribution. Reliability Contribution modelling leverages the AEMO Electricity Statement of Opportunities report scenarios, to create **Reliability Scenarios** for the tender assessment which consider different time horizons. More detail on the different Scenarios is provided in Sections 3.3.1 and 3.3.2.

Table 2: Scenarios and relevant Components

Scenarios		Components			
		Reliability Contribution	Renewable Energy Contribution	Wholesale Market Benefits	Net CISA Cost
Reliability	Horizons	✓			
Electricity Market	Central		✓	✓	✓
	Low			✓	✓
	High			✓	✓

Considering multiple Scenarios provides more robustness to the assessment and ensures that the evaluation has considered a range of plausible outcomes. Higher merit Bids should demonstrate value across a range of Scenarios. Lower merit Bids may only demonstrate value in fewer Scenarios. Scenario-based outcomes will be weighted. The weighting considers both the importance of each Scenario for evaluation and the expected probabilities of a Scenario occurring.

3.3.1. Electricity Market Scenarios

In the Electricity Market Scenarios, the Central Scenario is designed to reflect a balanced market view of expected market outcomes, with two supporting Scenarios designed to capture extremely low and high forecasted wholesale prices.

Electricity Market Scenarios may vary across several input assumptions creating a range of future potential electricity market outcomes. For the MC1 assessment, Electricity Market Scenarios could be variations of the following:

- **Central Scenario**: a market-investor view of future energy market outcomes. This would generally align with assumptions from the Step Change scenario in the latest 'Input Assumptions and Scenarios Report' by AEMO and the 'Infrastructure Investment Objectives Report' by ASL. This Scenario considers the financial value of Bids on their most-likely Wholesale Market Benefit, Renewable Energy Contribution and Net CISA Cost outcomes.

- **Low Scenario**: reflective of a future NEM in which many levers coincide to drive lower average wholesale prices, lower intraday wholesale price spreads, and lower volatility. An example of such a lever may include lower fuel cost inputs. This Scenario aims to consider the financial value of Bids in a future NEM in which there are relatively lower Wholesale Market Benefits and relatively higher expected Net CISA Cost to the Australian Government.

- **High Scenario**: reflective of a future NEM in which many levers coincide to drive higher average wholesale prices, higher intraday wholesale price spreads, and higher volatility. An example of such a lever may include higher fuel costs inputs and higher CAPEX. This Scenario aims to consider the financial value of Bids when there are relatively higher Wholesale Market Benefits, and relatively lower expected Net CISA Cost to the Australian Government.

Input assumptions for the Scenarios may differ by:

- **Input assumptions on market developments:** future electricity market prices will be affected by market developments including (but not limited to) demand, coal retirements, fuel prices, uptake of distributed energy resources, renewable energy availability and transmission augmentation.

- **Weather reference years:** weather variations may affect both renewable generation output and consumer demand. Multiple historical reference years may be used to reduce the risk of basing evaluation on weather patterns of a particular year and their effect on the operation of Projects.

3.3.2. Reliability Scenarios

Projects are also assessed on their ability to avoid or reduce unserved energy in modelling which may refer to AEMO's ESOO Reports. Reliability Scenarios are designed to reflect different stages of the energy transition, with the key focus of assessment being medium-term operating conditions that reflect a further progressed Scenario in which major network limitations are resolved, and the system is closer to meeting the 82% renewable electricity target.

3.4. Metrics

Metrics are used for scoring to translate the Components into comparable scores for assessment. The MC1 assessment is intended to result in higher MC1 scores for Bids that perform well against the Components and the Metrics listed in Table 3 below.

Table 3: Components and Metrics for MC1 assessment

Component or Metric	Unit or ratio	Description	Direction of preference
Components			
Renewable Energy Contribution	**MWh**	Contribution to the Australian Government's renewable electricity objectives relative to a Counterfactual Case, reflecting a Project's ability to support increased renewable energy output.	▲
Wholesale Market Benefits	**$, net present value**	Reduction in NEM market costs relative to a Counterfactual Case, weighted across several Electricity Market Scenarios.	▲
Reliability Contribution	**MW**	Firm MW, representing a Project's expected ability to reduce unserved energy based on its location and technology type, relative to a perfectly-located, energy unlimited project of the same capacity.	▲
Net CISA Cost	**$, net present value**	The net present value of forecast payments by the Commonwealth under the Proforma CISA, weighted across Electricity Market Scenarios.	▼
Metrics			
Renewable Energy Contribution-Cost Ratio	**MWh/$**	Renewable Energy Contribution per dollar of Scenario-Weighted Net CISA Cost ($, net present value). Considers both the Project's contribution to renewable energy in the NEM as well as its Scenario-Weighted Net CISA Cost.	▲

Component or Metric	Unit or ratio	Description	Direction of preference
Benefit-Cost Ratio	**Ratio**	Scenario-Weighted Wholesale Market Benefits per dollar ($, net present value) of Scenario-Weighted Net CISA Cost ($, net present value). Considers both Scenario-Weighted Wholesale Market Benefits and Scenario-Weighted Net CISA Cost.	▲
Reliability-Cost Ratio	**MW/$**	Reliability Contribution per dollar of Scenario-Weighted Net CISA Cost ($, net present value). Considers both the Project's Reliability Contribution as well as its Scenario-Weighted Net CISA Cost.	▲
Maximum Liability	**$**	The maximum amount of payments payable under the Proforma CISA by the Commonwealth to the Project Operator, calculated by assuming that the Project receives zero revenue and is paid the maximum amount of financial support available under the Proforma CISA across the Support Period (which may be limited by the Annual Payment Caps applicable to each Financial Year in the Support Period and the length of the Support Period).	▼

Further Metrics, or a combination of the Metrics set out above, may also be considered if they are developed to assess the benefits, cost and financial risks of Bids. These additional Metrics may be less aggregated (e.g., per Scenario, or Scenario-Weighted) and may be based on one or several of the Components identified.

4.0 Components

This section provides further detail of each Component, including the intent and method of calculation. This section also provides an indication of how the Project Parameters and the Bid Variables may affect the Components.

4.1. Renewable Energy Contribution

A key Policy Objective of the CIS is to help increase the share of renewable energy contribution within the NEM to support the Australian Government's target of 82% renewable electricity by 2030.

The Renewable Energy Contribution is based on the difference in renewable energy in the NEM between the Project-Specific Case and Counterfactual Case. Any increase in market-wide renewable energy is attributed as a benefit of the Project.

Impact of Project Parameters / Bid Variables

The Renewable Energy Contribution is expected to be higher for Projects that:
• have a forecast generation profile that displaces more fossil fuel generation;
• are located where they can minimise their own curtailment and that of other renewable energy projects; and
• for Assessed Hybrid Projects:
  ○ have more energy available to be dispatched during times of need; and
  ○ have a forecast operating profile that displaces more fossil fuels.

4.2. Wholesale Market Benefits

A key Policy Objective of the CIS is to support Projects that can put downward pressure on electricity prices in Australia's rapidly changing energy market.

Wholesale Market Benefits are measured based on the difference in cost of meeting NEM-wide demand (**load cost**) between the Project-Specific Case and the Counterfactual Case across all Electricity Market Scenarios, subject to their respective weightings. Any reduction in load cost is attributed as a benefit of the Project. As such, Wholesale Market Benefits are expected to occur when a Project lowers load-weighted prices. For example, Generation Projects might provide Wholesale Market Benefits by providing more zero-marginal cost energy during periods when supply is tighter. Assessed Hybrid Projects might provide Wholesale Market Benefits by reducing intra-day price spreads and volatility, or by improving supply adequacy and reducing curtailment of low-cost generators.

Impact of Project Parameters / Bid Variables
Wholesale Market Benefits are expected to be higher for Projects that: • have a forecast generation profile that makes more energy available for dispatch during periods of high prices; • can commit to an earlier COD Target Date[1], as there is greater opportunity in early years for Projects to have a positive impact on any forecast high prices; • provide greater contribution to the market by locating in network locations that have good access to load centres; • provide more years of benefits through longer asset lives for different technologies; and • for Assessed Hybrid Projects, offer more energy available to be dispatched during periods of high prices.

4.2.1. Calculating Wholesale Market Benefits

Projects entering the market under the CIS are expected to put downward pressure on wholesale electricity prices. Modelling may consider the impact of Projects on wholesale electricity prices across the NEM as benefits may be shared between regions. This may be particularly relevant for Projects located near regional interconnectors.

Formulaically, Wholesale Market Benefits may be represented as below:

$$\Sigma_{s=1}^{n} W_s \times (ALC - ALC')$$

[1] Merit Criterion 2 (Project deliverability and timeline) assesses the Project's development progress and credibility of forward plans to deliver the Project.

for each Participating NEM Region, and over the Project's Operational Life,

where:

- W_s is the weighting of each modelled Scenario and n is the number of modelled Scenarios.
- ALC is the annual load cost in a region and Scenario before the addition of the Project being assessed.
- ALC' is the annual load cost in a region and Scenario after the addition of the Project being assessed.

4.3. Reliability Contribution

A key Policy Objective of the CIS is to support Projects that can support system reliability. Projects will be assessed on their ability to avoid or reduce unserved energy and therefore reducing reliability risks across the NEM in the medium term.

The Reliability Contribution for a Project is calculated using the difference in modelled unserved energy between the Project-Specific Case and Counterfactual Case for the Reliability Scenarios using methods aligned with ESOO modelling. Reliability Contribution for assessed Projects is expressed as firm capacity, representing a Project's expected ability to reduce unserved energy based on its location and technology type, relative to the outcomes of a perfectly located, energy unlimited project.

Impact of Project Parameters / Bid Variables

Reliability Contribution is expected to be higher for Projects that:
• are located close to load centres;
• are unlikely to be constrained during times of high demand; and
• for Assessed Hybrid Projects:
  ○ have a larger energy storage capacity (MWh) due to having a longer storage duration (hours); and/or
  ○ have a larger dispatch capacity (MW).

4.4. Net CISA Cost

Higher merit Bids are expected to have a relatively low Net CISA Cost. Net CISA Cost is a function of the Project's NOR and the Bid Variables in a CISA. A Project's potential NOR across available markets and Electricity Market Scenarios is forecast to inform the calculation of Net CISA Cost.

4.4.1. Estimating Net Operational Revenue (NOR)

An Energy Market Model is run for each Project to forecast NOR. This considers the Project's Parameters and is modelled for each Electricity Market Scenario, and therefore may take on a range of values. For the purposes of forecasting NOR, Projects are modelled as fully merchant in each Electricity Market Scenario. This ensures Net CISA Costs are assessed on a like-for-like basis across Projects. Refer to Section 4.7 of the Tender Guidelines for further information on Eligible Wholesale Contracts. For assessment, NOR is estimated by the sum of forecast revenues of the Project including:

- Dispatch-Weighted Average Price (**DWAP**) for each Project, which can be forecast using generation output profiles provided by Proponents; and
- Green product revenues as a source of revenue for a Project.

4.4.2. Calculation of Net CISA Cost

Formulaically, the calculation of annual CISA cash flows over the Support Period is the net present value of the CISA cashflow for the Bid. This may be represented as below (where positive values are a payment to Project Operators)[2]:

$$\boldsymbol{Annual\ CISA\ Cashflows} = \begin{cases} \boldsymbol{SP}, & \boldsymbol{if\ NOR_{year} < ARF} \\ \boldsymbol{0}, & \boldsymbol{if\ ARF < NOR_{year} < ARC} \\ \boldsymbol{-RS}, & \boldsymbol{if\ NOR_{year} > ARC} \end{cases}$$

$$\boldsymbol{SP} = \boldsymbol{minimum}\ (\boldsymbol{90\%} \times (\boldsymbol{ARF} - \boldsymbol{NOR}), \boldsymbol{APC})$$
$$\boldsymbol{RS} = \boldsymbol{minimum}(\boldsymbol{50\%} \times (\boldsymbol{NOR} - \boldsymbol{ARC}), \boldsymbol{APC})$$

where[3]:

- $\boldsymbol{NOR}$ is Net Operational Revenue, which is the modelled revenues for the Project.
- $\boldsymbol{SP}$ is the Annual Support Amount paid under the Proforma CISA, if it is a positive amount.
- $\boldsymbol{RS}$ is the Annual Revenue Sharing Amount payable under the Proforma CISA, if it is a negative amount.
- $\boldsymbol{ARF}$ is the Annual Revenue Floor, which is equal to the Annual Floor multiplied by a modelled notional quantity of energy dispatched by the Project.
- $\boldsymbol{ARC}$ is the Annual Revenue Ceiling, which is equal to the Annual Ceiling multiplied by a modelled notional quantity of energy dispatched by the Project.
- $\boldsymbol{APC}$ is the Annual Payment Cap.

Impact of Project Parameters / Bid Variables
The Net CISA Cost and risk to the Australian Government are expected to reduce if the Bid or Project has the following features (all else being equal): • A low Annual Payment Cap, low Annual Floor and low Annual Ceiling. • Fewer Financial Years requiring support, particularly those Bids that have an earlier Final Expiry Date or that exclude periods in which high support payments would otherwise be expected.

5.0 Impact of Project Parameters and Bid Variables

Project Parameters[4] and Bid Variables could have varying effects on the MC1 assessment. This section outlines how these parameters and Bid Variables could impact the MC1 assessment. The flexibility of

[2] Note the displayed formula is used for annual modelling in the MC1 assessment and may not directly match the calculations contained in the Proforma CISA. Please refer to the Proforma CISA for information on support payment calculations.

[3] For more information on terms please refer to the Proforma CISA.

[4] Certain Project Parameters may be standardised by technology type in the MC1 assessment (e.g., Operation Life).

the Proforma CISA aims to provide Proponents with the ability to develop Bids in a targeted way that can best suit their use-cases, including supporting their Project in reaching Financial Close.

Table 4 and Table 5 list various variables and their possible impact on MC1 assessment. Table 4 pertains to all Projects and Table 5 is relevant to Assessed Hybrid Projects only.

Table 4: Potential impact of Project Parameters and Bid Variables on MC1 assessment for all Projects

Project Parameter or Bid Variable	Key Component impacted	Impact, all else being equal
Annual Payment Cap	Net CISA Cost	Lower values reduce modelled CISA payments for Net CISA Cost and also reduce the Australian Government's maximum exposure to CISA costs. A lower Annual Payment Cap can make a Project more competitive.
Annual Floor	Net CISA Cost	Lower values put downward pressure on Net CISA Cost and may make a Bid more competitive. A lower Annual Floor may lower the expected CISA support payments from the Commonwealth to the Project Operator.
Annual Ceiling	Net CISA Cost	Lower values put downward pressure on Net CISA Cost as they could increase expected CISA revenue sharing in some Scenarios. A low Annual Floor and low Annual Payment Cap are expected to have greater impact on the assessment than having a low Annual Ceiling.
Support Period	Net CISA Cost	Competitive Projects may reduce their Net CISA Cost by bidding in a way that the Support Period is shorter, or otherwise that: • excludes support years when the Net CISA Cost would otherwise be expected to be high (e.g., when Project revenues are low); and • includes support years which may involve revenue sharing (e.g., when Project revenues are high).
Connection Point	All Components	A Project is expected to perform well across all Project Benefits if it connects to a location with low network congestion and low likelihood of having its output constrained in different dispatch Scenarios, including during peak demand periods. It may also be better able to earn higher market revenues, thereby lowering Net CISA Cost and improving the Project's competitiveness.
Generation Profile[5]	Wholesale Market Benefits, Net CISA Cost, Renewable Energy Contribution	A Project that can generate in periods of high prices when demand is typically met by thermal generation is expected to perform well across all Project Benefits. It may also earn higher market revenues, therefore lowering Net CISA Cost and improving the Project's competitiveness.
Operational Life	Wholesale Market Benefits	Projects using technologies with a longer Operational Life have a longer period to provide Wholesale Market Benefits, which is likely to improve the Project's competitiveness.

[5] Generation profiles provided by Proponents are reviewed and if flagged, sensitivities may be run using a synthetic profile. Supporting evidence provided by Proponents may be used to validate Proponent profiles.

Table 5: Potential impact of Project Parameters on MC1 assessment for Assessed Hybrid Projects only

Project Parameter in Assessed Hybrid Project	Component impacted	Impact, all else being equal
Storage Capacity	All Components	An Associated Project with a larger energy storage capacity (MWh) is expected to increase all of the Project Benefits and NOR in absolute terms, all else being equal.
Round-trip efficiency	All Components	An Associated Project with an energy storage technology type that can operate more efficiently is expected to perform well across all Project Benefits and achieve higher NOR.

6.0 Hybrid and Staged Projects

This section provides a short summary on the evaluation approach intended to be used for Hybridand Staged Projects.

6.1. What is a Hybrid or Staged Project? [6]

Hybrid Projects

Hybrid Projects are co-located generation and dispatchable assets which meet the characteristics of a Hybrid Project as described in the Proforma CISA. Hybrid Projects in this Tender Process refer to either:

- an Assessed Hybrid Project, for which both the Project (i.e. the generation asset) and the Associated Project (i.e. the dispatchable asset) are assessed against the Merit Criteria. A Proponent or Bid Entity (if different), if awarded a CISA in respect of an Assessed Hybrid Project, will be contractually required to deliver both the Project and the Associated Project; or
- a Non-Assessed Hybrid Project, for which only the Project (i.e. the generation asset) is assessed against the Merit Criteria (i.e. not the Associated Project). A Proponent or Bid Entity (if different), if awarded a CISA in respect of a Non-Assessed Hybrid Project, will not be contractually required to deliver the Associated Project. However, if it does deliver the Associated Project, certain provisions of the Proforma CISA will apply to the Associated Project.

Staged Projects

Staged Projects are co-located generation assets, where the Project expands the generation capacity of an existing generation asset (**Existing Project**), with both the Project and the Existing Project sharing a common Connection Point. The Project and the Existing Project may have some Shared Infrastructure.

[6] See section 4.2 of the Tender Guidelines for information on Hybrid and Staged Projects.

Assessment of Hybrid Projects in MC1

Only Assessed Hybrid Projects will be evaluated as Hybrid Projects in MC1. Compared to a generation-only Project, Assessed Hybrid Projects may provide additional Renewable Energy Contribution, Wholesale Market Benefits and Reliability Contribution.

This assessment is expected to cover:

- **Project Benefits:** Assessed by considering the time-shifted dispatch of the Associated Project. This may occur through shifting generation into periods of system tightness and high prices, and/or displacing fossil fuel generation.
- **Net CISA Cost**: Assessed by considering only the dispatch and DWAP of the Project, excluding the time-shifted dispatch and DWAP of the Associated Project.

Assessment of Staged Projects in MC1

Project Benefits in MC1 will be assessed for the Project only, and the Existing Project will not be assessed.

Appendix 1 – Definitions

Term	Definition
AEMO	Either or both of AEMO Limited and ASL.
Annual Ceiling	Has the meaning given to that term in the Proforma CISA.
Annual Floor	Has the meaning given to that term in the Proforma CISA.
Annual Payment Cap	Has the meaning given to that term in the Proforma CISA.
Annual Revenue Ceiling	Has the meaning given to that term in Section 4.4.2 of this Market Briefing Note.
Annual Revenue Floor	Has the meaning given to that term in Section 4.4.2 of this Market Briefing Note.
Assessed Hybrid Bid	A Bid submitted by a Proponent in relation to an Assessed Hybrid Project.
Assessed Hybrid Project	Has the meaning given to that term in the Tender Guidelines.
Associated Project	Has the meaning given to that term in the Proforma CISA.
Benefit-Cost Ratio	In respect of a Bid, the net present value of Scenario-Weighted Wholesale Market Benefits per dollar of Scenario-Weighted Net CISA Cost.
Bid	Has the meaning given to that term in the Tender Guidelines.
Bid Variables	Has the meaning given to that term in the Tender Guidelines.
Central Scenario	Has the meaning given to that term in Section 3.3.1 of this Market Briefing Note.
Connection Point	Has the meaning given to that term in the Proforma CISA.
CIS	Capacity Investment Scheme.
CISA	Has the meaning given to that term in the Tender Guidelines.
COD Target Date	Has the meaning given to that term in the Proforma CISA.
Commonwealth	The Commonwealth of Australia as represented by DCCEEW.
Components	Collectively, the Renewable Energy Contribution, Wholesale Market Benefits, Reliability Contribution and Net CISA Cost, as determined in the MC1 assessment.
Counterfactual Case	Has the meaning given to that term in Section 3.2 of this Market Briefing Note.
DCCEEW	Department of Climate Change, Energy, the Environment and Water.

Term	Definition
Dispatch-Weighted Average Price (or 'DWAP')	The average wholesale electricity price received by a Project for its dispatch, calculated by dividing wholesale energy market revenue by the volume of energy dispatched across a given period.
Electricity Market Scenarios	Has the meaning given to that term in Section 3.3 of this Market Briefing Note.
Energy Market Model	The model used to forecast each Project's impact on forecast power prices and Net Operational Revenue.
Electricity Statement of Opportunities (or 'ESOO')	The 2026 version of the document with that name published by AEMO and available at AEMO | NEM Electricity Statement of Opportunities (ESOO).
High Scenario	Has the meaning given to that term in Section 3.3.1 of this Market Briefing Note.
Hybrid Project	Has the meaning given to that term in the Proforma CISA.
Low Scenario	Has the meaning given to that term in Section 3.3.1 of this Market Briefing Note.
Maximum Capacity	Has the meaning given to that term in the Tender Guidelines.
Maximum Liability	Has the meaning given to that term in the Tender Guidelines.
Merit Criteria (or 'MC')	Has the meaning given to that term in the Tender Guidelines.
Metrics	Collectively, the Renewable Energy Contribution-Cost Ratio, Benefit-Cost Ratio, Maximum Liability and Reliability-Cost Ratio.
NEM	The National Electricity Market.
Net CISA Cost	Has the meaning given to that term in the Tender Guidelines.
Net Operational Revenue (or 'NOR')	Has the meaning given to that term in Section 4.4.1 of this Market Briefing Note.
Non-Participating NEM Region	The NSW region of the NEM, except insofar as the NSW region of the NEM covers the Australian Capital Territory.
Operational Life	Expected operational guarantee life of the Project's generating facility.
Participating NEM Region	Every region of the NEM as defined by the National Electricity Rules, other than the Non-Participating NEM Region.
Policy Objectives	Has the meaning given to that term in the Tender Guidelines.
Proforma CISA	Has the meaning given to that term in the Tender Guidelines.

Term	Definition
Project	Has the meaning given to that term in the Tender Guidelines.
Project Benefits	A sub-set of Components, being the Renewable Energy Contribution, Wholesale Market Benefits and Reliability Contribution.
Project Operator	Has the meaning given to that term in the Proforma CISA.
Project Parameters	Has the meaning given to that term in the Tender Guidelines.
Project-Specific Case	Has the meaning given to that term in Section 3.2 of this Market Briefing Note.
Proponent	Has the meaning given to that term in the Tender Guidelines.
Reliability Contribution	A metric used in the MC1 assessment to measure a Project's forecast potential contribution to reduce modelled unserved energy as existing generators in the NEM are retired.
Reliability-Cost Ratio	In respect of a Bid, a metric which is used to represent the potential value of a Project's modelled Reliability Contribution as against its Scenario-Weighted Net CISA Cost.
Reliability Scenarios	Has the meaning given to that term in Section 3.3.2 of this Market Briefing Note.
Renewable Energy Contribution	Forecasts the Project's ability to contribute to the Australian Government's electricity objectives and displace fossil fuels.
Renewable Energy Contribution-Cost Ratio	In respect of a Bid, the Project's Renewable Energy Contribution divided by its Scenario-Weighted Net CISA Cost.
Scenario-Weighted	Indicates that the metric uses weighted outcomes from multiple Scenarios.
Scenarios	Has the meaning given to that term in Section 3.3 of this Market Briefing Note.
Staged Project	Has the meaning given to that term in the Proforma CISA.
Support Period	Has the meaning given to that term in the Proforma CISA.
Tender Process	Has the meaning given to that term in the Proforma CISA.
Wholesale Market Benefits	Has the meaning given in Section 4.2 of this Market Briefing Note.

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