



Australian Government

Department of Climate Change, Energy,
the Environment and Water

Capacity Investment Scheme Tender 11: Wholesale Electricity Market – Generation

MC1 Market Briefing Note

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

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Introduction

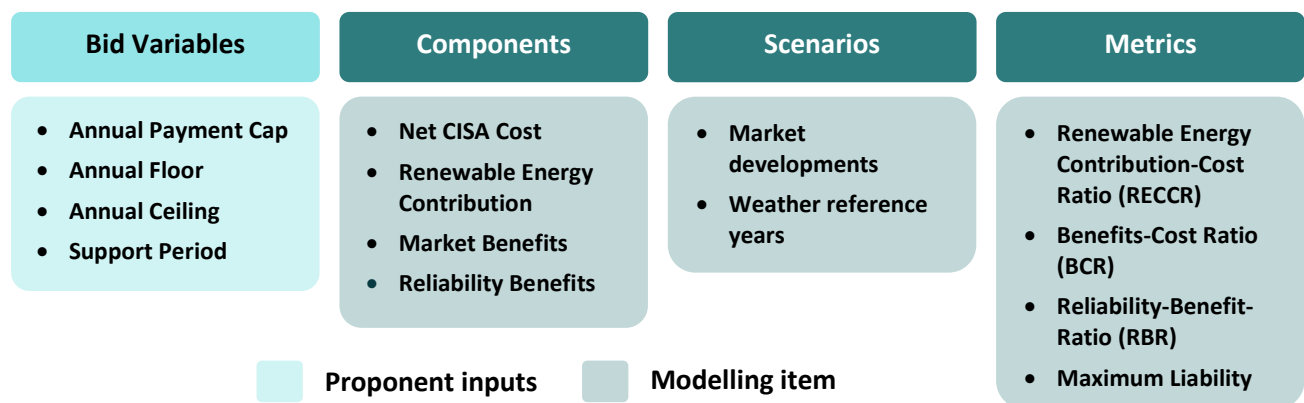
This Market Briefing Note sets out information relating to the evaluation of Merit Criterion (MC) 1 – *Financial value, system reliability and system benefits* in the Capacity Investment Scheme (CIS) Tender 11: Wholesale Electricity Market (WEM) Generation (**Tender Process**).

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-Benefit Ratio (collectively, **Metrics**).

How are Bids assessed – In the MC1 evaluation, costs and benefits are forecast by reference to the Net CISA Cost, Renewable Energy Contribution, Market Benefits, and Reliability Benefits (collectively, **Components**). These Components are then modelled across Scenarios as described in Section 3.3. Scenario-weighted Components are used to calculate Metrics for MC1 scoring purposes. Figure 1 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 fewer years requiring 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 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, Market Benefits and Reliability Benefits Components (collectively, **Project Benefits**). Net Operational Revenues estimated for modelled Projects are also reflective of the technology type and have a direct impact on the Net CISA Cost.

What to provide – Proponents must provide 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 Projects, Staged Projects and separate Connection Points.

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.

The CIS Tender Process aims to attract high merit Projects based on a weighted assessment of the financial and non-financial elements of the Bid, as outlined in the Tender Guidelines.

3.0 Overview of MC1 for this CIS T11 WEM Generation Tender Process

3.1. Policy Objectives

The Policy Objectives of this Tender 11 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 WEM and the Net CISA Cost. The assessment of a Project's benefits to the WEM 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 to be delivered by the Project. The MC1 assessment approach is designed to identify Projects 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 three Project Benefits and the 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 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 and modelled generation trace, 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-specific 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.
	Market Benefits	• Forecasts the reduced wholesale market costs of adding the Project to the WEM, which may include a potential reduction to the Real-Time Market (RTM) price and Peak Reserve Capacity Price. • This is modelled across multiple electricity price Scenarios. • Analysis will consider the Project Parameters and modelled generation in the energy market.
	Reliability Benefits	• Involves a Network Access Quantity (NAQ) assessment including estimating the Project's Peak Certified Reserve Capacity and ability to

		receive Peak Capacity Credits under the Reserve Capacity Mechanism (RCM). Analysis will consider a Project's location, technology type and other Project Parameters.
Costs	Net CISA Cost	- The net present value of forecast payments from the Commonwealth under a CISA. - Considers the Bid Variables of the Project and the forecast of its Net Operational Revenue.

Renewable Energy Contribution (**REC**), 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 where 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 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 the Tender. 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 future market outcomes (**Scenarios**). Scenarios will be developed to represent a range of theoretical future market conditions.

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.

Input assumptions for the Scenarios may differ by:

- **Market developments:** Future electricity market prices are uncertain due to rapid reform and growth in the WEM. In previous tenders run by AEMO, multiple Scenarios have been modelled to consider a range of possible future price outcomes. Section 3.3.1 provides further detail on the assumptions of potential market developments.
- **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.

Scenario-based outcomes are weighted. The weighting may consider the importance of each Scenario for evaluation, and the expected probabilities of a Scenario occurring.

3.3.1. Market developments

Scenarios may vary across several input assumptions, creating a range of potential future electricity market outcomes. For this MC1 assessment, two Scenarios are considered and can include variations of the following:

- **On Target:** A balanced view with inputs predominantly aligned with assumptions in the latest WEM Electricity Statement of Opportunities (**ESOO**) published by AEMO. In this scenario, there is a faster pace to the transition which may be reflected in earlier thermal retirements and a faster build of

new renewables and clean dispatchable capacity to meet policy targets on time. This Scenario is expected to have higher Net CISA Cost.

- **Investor View:** A private-sector investor view of potential future energy market outcomes which may involve a slower pace of energy transition. This could include changes to thermal retirement dates compared to other Scenarios and a slower build of new renewables and clean dispatchable capacity which represent a delay to meeting policy targets. This Scenario is expected to have lower Net CISA Cost.

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 2 below.

Table 2: Components and key Metrics for MC1 assessment

Component/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.	▲
Market Benefits	\$, net present value	Reduction in wholesale market costs, which may include a potential reduction to the RTM price and Peak Reserve Capacity Price, relative to a Counterfactual Case, weighted across several Scenarios.	▲
Reliability Benefits	MW	Reflected through assessment of a Project's Peak Certified Reserve Capacity and potential Peak Capacity Credits.	▲
Net CISA Cost	\$, net present value	The net present value of forecast payments by the Commonwealth under a CISA, weighted across Scenarios.	▼
Key Metrics			
Renewable Energy Contribution-Cost Ratio (RECCR)	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 WEM as well as its Scenario-Weighted Net CISA Cost.	▲
Benefit-Cost Ratio (BCR)	Ratio	Scenario-Weighted Market Benefits (\$, net present value) per dollar of Scenario-Weighted Net CISA Cost (\$, net present value). Considers both Scenario-Weighted Market Benefits and Scenario-Weighted Net CISA Cost.	▲
Reliability Benefit-Ratio (RBR)	MW/\$	Reliability Benefits per dollar of Scenario-Weighted Net CISA Cost (\$, net present value). Considers both the Project's Reliability Benefits as well as its Scenario-Weighted Net CISA Cost.	▲
Maximum Liability	\$	The maximum amount of payments payable under the CISA by the Commonwealth to the Project Operator, calculated by assuming that the Project receives zero revenue and is paid the maximum	▼

Component/Metric	Unit or ratio	Description	Direction of preference
		amount of financial support available under the CISA across the Support Period. This may be limited by the Annual Payment Caps applicable to each Financial Year 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. Any additional Metrics will maintain a consistent approach for all Bids.

4.0 Components

This section provides further detail on each Component, including the intent of each 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 WEM to support the Australian Government's 82% renewable electricity by 2030 target.

The Renewable Energy Contribution is based on the difference in renewable energy in the WEM 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. Market Benefits

A Project-Specific Case and Counterfactual Case are compared across Scenarios as outlined in section 3.3 to forecast wholesale market costs (which may consider the RTM price and Peak Reserve Capacity Price) with and without each Project. Projects will be assessed as providing Market Benefits if the addition of the Project is forecast to reduce wholesale market costs, improve supply adequacy, and reduce potential curtailment in electricity market modelling.

Impact of Project Parameters / Bid Variables
Market Benefits are expected to be higher for Projects that: • can commit to an earlier COD Target Date¹ as there is greater opportunity in early years for Projects to impact any forecast high prices;

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

Impact of Project Parameters / Bid Variables

- provide greater contribution to the market by locating in network locations that have good access to load centres;
- have a forecast generation profile that makes more energy available for dispatch during periods of high prices;
- provide more years of benefits through longer asset lives for different technologies; and
- for Assessed Hybrid Projects, which can offer more energy available to be dispatched during periods of high prices.

4.2.1. Calculating Market Benefits

Projects entering the market through a CISA are expected to put downward pressure on prices. Modelling may consider the impact of Projects on RTM prices and Peak Reserve Capacity Prices.

Formulaically, Market Benefits may be represented as below:

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

for the WEM, all Scenarios 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 cost of supplying loads in the WEM in a scenario before the addition of the Project being assessed.
- ALC' is the annual cost of supplying loads in the WEM in a scenario following the addition of the Project being assessed.

4.3. Reliability Benefits

A Policy Objective of the CIS is to support system reliability. The impact that a Project has on system reliability is considered in MC1 through an assessment of the ability of the Project to receive Peak Capacity Credits.

The NAQ, measured in MW, is estimated for a Project and indicates the ability of the Project to dispatch up to its Peak Certified Reserve Capacity during peak times, or other times of low reserve. Assignment of a NAQ to a facility qualifies the facility to receive Peak Capacity Credits.

Assessing a Project's ability to be awarded Peak Capacity Credits is intended to reflect the Project's contribution to system reliability. It is important to note that this estimate of NAQ does not indicate any outcomes (either success in an RCM, or quantum of Peak Capacity Credits) for the NAQ process undertaken by AEMO as part of the RCM.

Impact of Project Parameters / Bid Variables

Reliability Benefits are expected to be higher for Projects that:

- can generate unconstrained during times of peak demand;
- are appropriately sized for local network limitations; and
- for Assessed Hybrid Projects, are appropriately sized for the Electric Storage Resource Duration Requirement.

4.3.1. Calculating Reliability Benefits

Modelling will be undertaken to calculate potential NAQ and Peak Capacity Credit outcomes for the latest RCM cycle (focused on the 2 year ahead forecast year). This analysis will be supported by the outcomes of the previous year RCM cycle and will make assumptions around consistent priority order and entry timing for all Projects for the purposes of the calculation. Moreover, Projects will be assumed to bid for floating prices in the RCM.

4.4. Net CISA Cost

Higher merit Bids are expected to have a low Net CISA Cost relative to less competitive Bids and provide high Project Benefits. Net CISA Cost is a function of the Project's NOR and Bid Variables and, therefore, the Project's revenues must be forecast to inform the calculation of the Net CISA Cost.

Impact of Project Parameters / Bid Variables

Net CISA Costs and risk to the Commonwealth are expected to reduce if the Bid has the following features (all else being equal):

- a low Annual Payment Cap, which is likely to lead to a low Maximum Liability;
- a low Annual Floor and low Annual Ceiling; and
- fewer years requiring support, particularly those Bids that have an earlier Final Expiry Date or exclude periods in which high support payments would otherwise be expected.

4.4.1. Forecasting Net Operational Revenue (NOR)

An Energy Market Model is run for each Project to forecast NOR. This considers the Project Parameters and is modelled for each Scenario, and therefore may take on a range of values. NOR is estimated by the sum of forecast revenues of the generation Project including:

- revenues in the RTM;
- revenues in the Reserve Capacity Mechanism; and
- green product revenues.

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:

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

$$SP = \text{minimum}(90\% \times (ARF - NOR), APC)$$

$$RS = \text{minimum}(50\% \times (NOR - ARC), APC)$$

Where³:

- **NOR** is Net Operational Revenue, which is the modelled revenues for the Project.
- **SP** is the annual support amount paid under the CISA, expressed as a positive amount.
- **RS** is the annual revenue sharing amount payable under the CISA, expressed as a negative amount.
- **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.
- **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.
- **APC** is the Annual Payment Cap.

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.

5.0 Impact of Project Parameters and Bid Variables

Project Parameters⁴ and Bid Variables will have varying effects on the MC1 assessment. This section outlines how the Project Parameters and Bid Variables affect the MC1 assessment. The flexibility of 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 3 and Table 4 below set out various variables and their possible impact on MC1 assessment.

Table 3: Potential impact of Project Parameters and Bid Variables on MC1 assessment for all Projects

Project Parameter or Bid Variable	Key Component affected	Impact, all else being equal
Annual Payment Cap	Net CISA Cost	Lower values can reduce modelled CISA payments for the Net CISA Cost and also reduce the Commonwealth'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 Financial Years when the Net CISA Cost would otherwise be expected to be high (e.g., when Project revenues are low); and - includes Financial 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 assessments 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, therefore lowering Net CISA Cost and improving the Project's competitiveness.
COD Target Date	Market Benefits, Net CISA Cost	Projects with an earlier COD Target Date may be viewed more favourably for the purposes of MC1. For instance, if there are fewer renewable energy projects operating in the WEM in earlier years, there may be a greater opportunity to provide Market Benefits and earn higher revenues which could lower the Net CISA Cost, making a Project more competitive.

⁴ Certain Project Parameters may be standardised by technology type in the MC1 assessment e.g., Operational Life.

Generation Profile⁵	All Components	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, thereby lowering Net CISA Cost and improving the Project's competitiveness.
Operational Life	Market Benefits	Projects using technologies with a longer Operational Life have a longer period to provide Market Benefits, which is likely to improve the Project's competitiveness.

Table 4: Potential impact of Project Parameters on MC1 assessment for Assessed Hybrid Projects only

Project Parameter in Assessed Hybrid Project	Key Component impacted	Impact, all else being equal
Storage Capacity	All Components	Increasing the energy storage capacity (MWh) of the Associated Project is expected to increase the REC, Market Benefits, Reliability Benefits (up to the ESR Duration Requirement), and NOR in absolute terms, all else being equal, making a Project more competitive.
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 Projects, Staged Projects and separate Connection Points⁶

This section provides a short summary on the evaluation approach intended to be used for Hybrid Projects, Staged Projects and Projects with separate Connection Points.

6.1. What is a Hybrid or Staged Project?

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. The 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.
- 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). The Proponent or Bid Entity (if different), if awarded a CISA, will not be contractually required to deliver the Associated Project.

Staged Projects

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.

⁶ See the Tender Guidelines for more information on Hybrid Projects, Staged Projects and separate Connection Points.

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 Existing Project sharing a common Connection Point. The Project and the Existing Project may have some Shared Infrastructure and will be part of the same Registered Facility.

6.2. Assessment of Hybrid Projects against MC1

Only Assessed Hybrid Projects will be evaluated as Hybrid Projects in this WEM Generation Tender 11 Process. Compared to a generation only Project, Assessed Hybrid Projects may provide additional Renewable Energy Contribution, Market Benefits and Reliability Benefits.

This assessment is expected to cover:

- **Project Benefits:** Assessed by considering the time-shifted dispatch of the Associated Project and may consider the additional quantities of Peak Capacity Credits. 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 only considering the dispatch, Dispatch-Weighted Average Price (**DWAP**) and the RCM revenue of the Project. Excludes the time-shifted dispatch, DWAP and RCM revenue of the Associated Project.

6.3. Assessment of Staged Projects against MC1

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

6.4. Projects with separate Connection Points

See the Tender Guidelines and Proforma CISA for details on the treatment of Projects with separate Connection Points.

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 in Section 4.4.2 of this Market Briefing Note.
Annual Revenue Floor	Has the meaning given in Section 4.4.2 of this Market Briefing Note.
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.
AusEnergy Services Limited or ASL	AusEnergy Services Limited (ABN 59 651 198 364).
Australian Government	Has the meaning given to that term in the Tender Guidelines.
Benefit-Cost Ratio or BCR	In respect of a Bid, the net present value of Scenario-Weighted Market Benefits per dollar of Scenario-Weighted Net CISA Cost.
Bid	Has the meaning given to that term in the Tender Guidelines.
Bid Entity	Has the meaning given to that term in the Tender Guidelines.
Bid Variables	Has the meaning given to that term in the Tender Guidelines.
Certified Reserve Capacity	Has the meaning given to that term in the Tender Guidelines.
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, Market Benefits, Reliability Benefits and Net CISA Cost, as determined in the MC1 assessment.
Connection Point	Has the meaning given to that term in the Proforma CISA.
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.
Electric Storage Resource Duration Requirement or ESR Duration Requirement	Has the meaning given to that term in the Tender Guidelines.
Electricity Statement of Opportunities or ESOO	Has the meaning given to that term in the Tender Guidelines.
Electricity System and Market Rules (ESM Rules)	Has the meaning given to that term in the Tender Guidelines.
Energy Market Model	An energy market model that is used to forecast each Project's impact on forecast power prices, and the revenue attributable to the Project.
Existing Project	Has the meaning given to that term in the Tender Guidelines.
Final Expiry Date	Has the meaning given to that term in the Proforma CISA.
Financial Year	Has the meaning given to that term in the Proforma CISA.
Hybrid Project	Has the meaning given to that term in the Proforma CISA.
Investor View	Has the meaning given in Section 3.3.1 of this Market Briefing Note.
Market Benefits	Forecast reduction in wholesale market costs when adding the Project to the WEM.
Maximum Liability	Has the meaning given to that term in the Tender Guidelines.
MC1	Merit Criteria 1 – Financial value, system reliability, and system benefits
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-Benefit Ratio.
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.
Network Access Quantity or NAQ	Has the meaning given to that term in the Tender Guidelines.
Non-Assessed Hybrid Project	Has the meaning given to that term in the Tender Guidelines.
On Target	Has the meaning given in Section 3.3.1 of this Market Briefing Note.

Term	Definition
Operational Life	Expected operational guarantee life of the Project's generating facility.
Peak Capacity Credit	Has the meaning given to that term in the Proforma CISA.
Peak Reserve Capacity Price	Has the meaning given in the ESM Rules.
Policy Objectives	Has the meaning given to that term in the Tender Guidelines.
Project	Has the meaning given to that term in the Tender Guidelines.
Project Benefits	A sub-set of Components, including being the Renewable Energy Contribution, Reliability Benefits and Market Benefits components.
Project Operator	Has the meaning given to that term in the Proforma CISA.
Project Parameters	A Project's physical characteristics.
Project-Specific Case	Has the meaning given in Section 3.2 of this Market Briefing Note.
Proponent	Has the meaning given to that term in the Tender Guidelines.
Reliability Benefit Ratio or RBR	In respect of a Bid, the Project's Reliability Benefits divided by its Scenario-Weighted Net CISA Cost.
Reliability Benefits	Project Benefits that arise from a Project's ability to gain Peak Capacity Credits.
Renewable Energy Contribution or REC	Forecasts the Project's ability to contribute to the Australian Government's electricity objectives and displace fossil fuels.
Renewable Energy Contribution-Cost Ratio or RECCR	In respect of a Bid, the Project's Renewable Energy Contribution divided by its Scenario-Weighted Net CISA Cost.
Reserve Capacity Mechanism or RCM	Has the meaning given to that term in the Tender Guidelines.
RTM	Real-Time Market.
Scenarios	Has the meaning given in Section 3.3 of this Market Briefing Note.
Shared Infrastructure	Has the meaning given to that term in the Proforma CISA.
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 Tender Guidelines.
WEM	Wholesale Electricity Market.