

LTESA (firming) – Term Sheet – Firming Supply Model

[PRELIMINARY DRAFT FOR PUBLICATION]

This document sets out a summary of the key terms and conditions for the proposed Long Term Energy Service Agreement (“LTESA”) for firming projects that are not connected to REZ network infrastructure projects (and which would otherwise require access rights).

This document is a preliminary draft for feedback purposes only. It is not intended to create rights of any party or constitute any form of legally binding obligation or commitment. This document does not constitute an offer by the Scheme Financial Vehicle (**SFV**) to enter into a LTESA with the recipient and does not impose any legal commitment on the SFV.

This term sheet contemplates a *firming supply model* that broadly mirrors a capacity payment model and aligns with the long duration storage LTESA previously published by ASL. For the firming supply model, the purpose of the LTESA is to provide an option for a revenue top up during Annuity Periods to support the development of the Project. The Project has a broad flexibility to operate, responding to NEM market and non-market price signals.

Detailed calculations for the model are set out in Schedule 2 to this term sheet.

Furthermore, AEMO Services is considering the inclusion of:

- additional performance requirements for firming infrastructure and will publish this proposal separately. Performance requirements could require that certain actions be taken by firming infrastructure at pre-defined times. For example, in the lead up to or during forecast LOR events. Once published, feedback is sought on these performance requirements, the need for performance requirements and the consumer cost of performance requirements. If implemented, these performance requirements are expected to reflect similar requirements in capacity mechanisms in international electricity markets.
- a market making obligation outlined in Clause 11 below. Under such an arrangement, LTES operators would comply with one of the three alternatives outlined in Clause 11. If the Project selects option (b), this option could include no market making obligation and this could be considered in the evaluation of firming bids. Given this flexibility, the objective of this provision is to understand contracts market behaviour for firming projects which are more likely to operate during periods of unserved energy. LTES Operator will be evaluated under MC1 on the NSW customer benefit associated with their contract market strategy.

No	Item	Detail
Part 1 – Details and interpretation		
1	Parties	[Bidder] (“ LTES Operator ”) [Scheme Financial Vehicle] (“ SFV ”)
2	Documentation overview	As part of the framework under the <i>Electricity Infrastructure Investment Act NSW 2020</i> (“EII Act”) to provide long term revenue certainty for investors and developers of clean energy projects in New South Wales, the NSW Government is offering financial support to eligible firming projects in the form of long-term energy services contracts, which will involve two documents being entered into between LTES Operator and SFV: <ol style="list-style-type: none"> the Project Development Agreement (“PDA”) which sets out the detailed requirements and milestones and social licence commitments by which LTES Operator will develop and construct the Project; and the LTESA which is the overarching agreement for the construction and operation phases of the Project, the option structure by which LTES Operator can exercise its derivative transaction with SFV.
3	Inconsistency	Where there is any inconsistency between the terms of the LTESA and the PDA, the terms of the LTESA will prevail to the extent of such inconsistency.

No	Item	Detail
4	Definitions and interpretation	Capitalised terms in this agreement have the meaning set out in Schedule 1
Part 2 - Term		
5	Term of LTESA	<p>(a) The “Term” commences on the Signing Date and continues until the date that is <i>[bid variable]</i> after the First Option Date (“Final Annuity Product End Date”).</p> <p><i>[Drafting note: the permitted value for this bid variable is up to a maximum of 10 years (noting shorter bids are preferred against MC1 assessment criteria.)]</i></p> <p>(b) The “First Option Date” is the earlier of:</p> <p>(i) the first 1 July occurring:</p> <p>(A) not less than six months after COD; or</p> <p>(B) not less than six months after the COD Sunset Date (as extended in accordance with the PDA), and</p> <p>(ii) if LTES Operator considers that the COD is likely to occur less than 6 months before, or less than 12 months after a particular 1 July, LTES Operator may request SFV agree to the First Option Date occurring on the requested (1 July) date, provided:</p> <p>(C) the request is made at least 6 months before the requested date; and</p> <p>(D) at least 6 months prior to the requested date, LTES Operator gives a notice that complies with clause 15.</p>
Part 3 - Construction and operation of the Project		
6	Construction	LTES Operator must construct the Project in accordance with the Project Development Agreement.
7	Performance of obligations	<p>(a) During the Term, LTES Operator must operate and maintain the Project in accordance with applicable law and authorisations.</p> <p>(b) During an Annuity Period, LTES Operator must operate the Project in accordance with the following requirements:</p> <p>(i) the registration requirements in clause 8;</p> <p>(ii) the operation, bidding and dispatch requirements in clause 9;</p> <p>(iii) the maintenance requirements in clause 10; and</p> <p>(iv) the market making obligation in clause 11, (together, Operating Requirements).</p> <p>(c) LTES Operator acknowledges that:</p> <p>(i) the purpose of the Annuity Product is to provide an option for a revenue top up during Annuity Periods to support the development of the Project and is not intended to distort the market signals that would otherwise apply to the Project; and</p> <p>(ii) the following Operating Requirements are to be interpreted and applied consistent with that purpose.</p>
8	Registration requirements	<p>(a) LTES Operator must, at all times during the Term, ensure that it (or an intermediary) is registered with AEMO for the Project to enable it to provide the following services:</p> <p>(i) import and dispatch capability (ie as an ‘Integrated Resource Provider’¹);</p> <p>(ii) market ancillary services; and</p> <p>(iii) subject to paragraph (b), any other services for which the Project could earn revenue in the NEM.</p> <p>(b) If:</p>

¹ This assumes registration after 3 June 2024.

No	Item	Detail
		<ul style="list-style-type: none"> (i) a new market is established in the NEM, or a market is established outside of the NEM, in which the Project is entitled to participate; and (ii) it is consistent with industry practice for projects which are similar to the Project to participate in those markets, <p>LTES Operator must register or take such action as is required to entitle it to participate in that market unless there are reasonable technical, legal, commercial or financial reasons for not doing so. At SFV's request, LTES Operator must provide the basis on which it has decided not to register or otherwise participate in such a market.</p> <ul style="list-style-type: none"> (c) A "Project Service" is a service for which LTES Operator is registered or entitled to participate in respect of the Project for the market in which that service is provided. (d) LTES Operator must be a single purpose vehicle established for the sole purpose of carrying on the Project and not previously carried on any other business.
9	Operation, bidding and dispatch requirements	<p>LTES Operator must:</p> <ul style="list-style-type: none"> (a) not enter into any Offtake Contract or any arrangement with respect to Permitted Costs unless it has demonstrated to SFV's reasonable satisfaction that the arrangement is on arm's length terms; (b) not enter into any Offtake Contract or other arrangement with a Related Entity unless it has demonstrated to SFV's reasonable satisfaction that the arrangement is on arm's length terms; (c) during an Annuity Period, contract, bid and dispatch the Project in good faith having regard to any Offtake Contract entered into by LTES Operator and otherwise operate in accordance with market signals for a storage technology project of its nature as if it were a stand-alone project (ie not operated as part of a portfolio of assets); and (d) use reasonable endeavours to minimise any payments payable by SFV.
10	Maintenance requirements	<ul style="list-style-type: none"> (a) LTES Operator: <ul style="list-style-type: none"> (i) must operate and maintain the Project in accordance with good electricity industry practice and in a manner that will extend and preserve the asset life of the Project to its maximum asset life; (ii) ensure that the Project has a Registered Capacity that can be dispatched for a duration set out in the Project characteristics; (iii) must use best endeavours to ensure that any planned maintenance that is reasonably likely to affect the available capacity of the Project by more than 10% does not occur during Peak Periods without the prior written consent of SFV; (iv) provide to SFV at least 20 Business Days prior to the start of a financial year, a maintenance plan for the next financial year consistent with subparagraph (iii) and reasonably consider any comments made on the plan by SFV; and (v) must insure the Project in accordance with good electricity industry practice. (b) Subparagraph (iv) does not prevent LTES Operator undertaking maintenance at time in accordance with good electricity industry practice where required to prevent property damage or personal injury or required to maintain manufacturer's warranties that cannot be rescheduled or required. (c) "Peak Periods" are periods generally expected to align with high spot prices which, at the Signing Date, is in the period from 1 December to 30 March. (d) SFV may, on not less than 24 months' notice, notify of revised Peak Periods where required to reflect changes in demand and peak spot prices in NSW, provided that the aggregate Peaks Periods cannot exceed 4 months in a year.

No	Item	Detail
11	Market making obligation	<p>During an Annuity Period, LTES Operator must meet a market making obligation which:</p> <ul style="list-style-type: none"> (a) complies with the Market Liquidity Obligations under the NER (including any guidelines made by the AER from time to time), as if such obligation applied to LTES Operator and a forecast reliability gap is occurring in the Peak Period; (b) complies with the market making obligation set out in Schedule 6; or (c) complies with the market making obligation approved by SFV from time to time. <p>LTES Operator must elect one of the market making obligation which may include requested variations to that obligation. SFV must approve a proposed market making obligation where LTES Operator reasonably demonstrates that its proposed market obligation is in the long-term financial interests of NSW electricity customers.</p> <p><i>[Drafting note: AEMO Services is contemplating the inclusion of a market making obligation in the firming LTESA. Under such an arrangement, LTES operators would comply with one of the three alternatives. If the Project selects option (b), this option could include no market making obligation and this could be considered in the evaluation of firming bids. Given this flexibility, the objective of this provision is to understand contracts market behaviour for firming projects which are more likely to operate during periods of unserved energy. LTES Operators will be evaluated under MC1 on the NSW customer benefit associated with their contract market strategy.]</i></p>
12	Alterations to Project	<ul style="list-style-type: none"> (a) LTES Operator may not make material alterations to the capacity or duration of the Project without the prior written consent of SFV. (b) LTES Operator must notify SFV with details of: <ul style="list-style-type: none"> (i) the proposed material alterations to Project; (ii) changes to the capacity or availability of the Project; (iii) any resulting outages; and (iv) the impact of those proposed material alterations on LTES Operator's ability to carry out its obligations under this agreement, with sufficient details to enable SFV to form a view under paragraph (c). (c) SFV must not unreasonably withhold or delay its consent under paragraph (a) if the proposed material alterations to the Project's system does not (in SFV's reasonable opinion) materially and adversely impact: <ul style="list-style-type: none"> (i) SFV's rights or obligations under this agreement; including SFV's expected financial outcomes and financial product it has entered into with a third party in relation to the LTESA; (ii) long-term financial interests of electricity customs in New South Wales; and (iii) the Social Licence Commitments of LTES Operator. (d) The parties acknowledge that SFV may withhold its consent under paragraph (a) if (in SFV's reasonable opinion) the proposed alterations would result in the Project no longer being infrastructure to which Part 6 of the EII Act applies.
13	Social Licence Commitments	<p><i>[Drafting note – social licence obligations are included in the PDA.]</i></p> <ul style="list-style-type: none"> (a) “Social Licence Commitments” means the Community Engagement Plan and the Industry and Aboriginal Participation Plan. (b) Within: <ul style="list-style-type: none"> (i) 10 Business Days after LTES Operator satisfies all Social Licence Commitments for the purposes of achieving COD; and (ii) 30 Business Days after the end of each financial year, in each case, LTES Operator must give SFV a report in a prescribed form on LTES Operator's compliance with its Social Licence Commitments (together with reasonable supporting information).

No	Item	Detail
		<p>(c) Within 40 Business Days after receiving a report under paragraph (b), SFV must use reasonable endeavours to:</p> <ul style="list-style-type: none"> (i) confirm the Social Licence Commitments have been satisfied prior to COD; (ii) request further information from LTES Operator (to be provided within 10 Business Days or 40 Business Days in respect of the report issued under paragraph (b)(i)); or (iii) reject the report. <p>(d) If SFV rejects the report, it must provide reasonable details of its reasons and within 20 Business Days after the report is rejected, LTES Operator must amend and re-submit an updated report.</p> <p>(e) SFV may request an audit of LTES Operator's compliance with its Social Licence Commitments at any time and LTES Operator will bear the costs of the audit. If SFV request an audit more than once in any 12-month period, then SFV will bear the costs of the audit (but not LTES Operator costs), unless the audit demonstrates that the certified statements, availability reports or storage capacity reports provided by LTES Operator are materially inaccurate, in which case LTES Operator will bear all the costs of the audit.</p> <p>(f) If following:</p> <ul style="list-style-type: none"> (i) the receipt of LTES Operator's report under paragraph (b); (ii) the expiry of the time to provide additional information requested under paragraph (c)(ii); or (iii) the completion of an audit of LTES Operator's compliance with Social Licence Commitments in accordance with paragraph (e), <p>SFV determines (acting reasonably) that LTES Operator is not complying with its Social Licence Commitments, then SFV may notify LTES Operator of LTES Operator's non-compliance with the relevant Social Licence Commitments. SFV may specify in the notice that it considers the non-compliance is not remediable.</p> <p>(g) Within 20 Business Days of receipt of notice under paragraph (f), LTES Operator must submit a cure plan to SFV in relation to the non-compliance identified by SFV. The cure plan must set out:</p> <ul style="list-style-type: none"> (i) the progress made by LTES Operator in satisfying the remaining work or obligations for the relevant Social Licence Commitment; (ii) LTES Operator's best estimate of when the relevant Social Licence Commitment will be achieved to remedy the non-compliance; and (iii) where relevant, an alternative proposal to the Social Licence Commitment where LTES Operator or SFV considers that the Social Licence Commitment's non-compliance cannot be remedied. The alternative proposal may include: <ul style="list-style-type: none"> (A) the cash payment of that is commensurate with the value of the Social Licence Commitment; or (B) an alternative to the Social Licence Commitment which is of equivalent or greater merit as the Social Licence Commitment. (iv) SFV will determine whether the proposed alternative to the Social Licence Commitment is acceptable having regard to the original Social Licence Commitment. In making any such determination, SFV will take into account the merit criteria applied by the Consumer Trustee. <p>(h) Within 60 Business Days, SFV must use reasonable endeavours to either accept or reject the cure plan submitted. If SFV rejects the cure plan submitted:</p> <ul style="list-style-type: none"> (i) SFV may provide comments and suggested amendments to the cure plan, including an assessment of the merit of any alternative proposal under (g)(iii); and

No	Item	Detail
		<p>(ii) LTES Operator must resubmit the amended cure plan for approval by SFV within 20 Business Days of SFV notifying LTES Operator of the rejection or amendment.</p> <p>LTES Operator must comply with the agreed cure plan.</p> <p>(i) For the purposes of subparagraph (g)(iii)(A), SFV will determine at its discretion (acting reasonably) may agree a cash payment that is:</p> <p>(i) commensurate with the value of the Social Licence Commitment to SFV and anyone that would have benefited from that Social Licence Commitment; and</p> <p>(ii) sufficient to allow SFV to undertake:</p> <p>(A) the Social Licence Commitment that has not been complied with; or</p> <p>(B) an alternative to the Social Licence Commitment which SFV determines (acting reasonably) is of equivalent or greater merit to the Social Licence Commitment.</p> <p>(j) If LTES Operator pays SFV an amount agreed in respect of a Social Licence Commitment, then LTES Operator is not required to perform that Social Licence Commitment.</p> <p>(k) If LTES Operator does not:</p> <p>(i) submit a cure plan under paragraph (g);</p> <p>(ii) commence and comply with the agreed cure plan and does not remedy the failure within 10 Business Days; or</p> <p>(iii) make the agreed cash payment pursuant to paragraph (i) within 10 Business Days,</p> <p>then SFV may terminate this agreement.</p>
14	Operating reporting	<p>(a) LTES Operator must submit its operating strategy to SFV at least 60 Business Days before the start of each financial year in an Annuity Period (Operating Strategy).</p> <p>(b) The Operating Strategy must contain all relevant information and data (including commercial strategies in relevant markets) to demonstrate how the Project will be operated and contracted by LTES Operator in the next financial year to meet the Operating Requirements.</p> <p>(c) Within 20 Business Days after the end of the financial year, LTES Operator must provide a report setting out the actual performance of the Project against the Operating Strategy, any changes to strategy during the year and an explanation of any material deviations from the strategy. LTES Operator must, following the provision of the report, respond to any reasonable questions of SFV in relation to the report and the operation, bidding and dispatch of the Project in the previous financial year.</p> <p>(d) To avoid doubt, LTES Operator is not required to comply with the Operating Strategy but the Operating Strategy and any reporting relating to it may be used by SFV to assess compliance with the Operating Requirements.</p> <p><i>[Drafting note: the Operating Strategy is not binding and is not subject to SFV's approval but provides a framework by which SFV may understand and assess the manner LTES Operator operates the Project.]</i></p>
15	Availability Report and Availability Rebate	<p>(a) During each financial year in an Annuity Period, LTES Operator must ensure that the Project achieves an "Equivalent Availability Factor" determined under Schedule 3 of at least [•] ("Equivalent Availability Threshold").</p> <p>(b) Within 20 Business Days of the end of each financial year in an Annuity Period, LTES Operator will provide to SFV an availability report (Availability Report) for the preceding financial year which sets out:</p> <p>(i) the calculation of the Equivalent Availability Factor for that financial year;</p> <p>(ii) a summary of all the Deemed Availability Periods that have occurred for that financial year (as applicable);</p> <p>(iii) the calculation and amount of any Availability Rebate owing to SFV (if any).</p>

No	Item	Detail
		<p>(c) SFV must (i) approve or (ii) dispute the Availability Report within 40 Business Days of receipt under paragraph (a). If SFV disputes the Availability Report, either party may refer the matter for determination by an independent expert. If SFV does not dispute the Availability Report within that time, it is taken to be binding on both parties.</p> <p>(d) The Availability Rebate for the financial year is calculated in accordance with Schedule 3 ("Availability Rebate")</p> <p>(e) LTES Operator must pay any Availability Rebate within 20 Business Days of approval or determination under paragraph (c).</p> <p>(f) Subject to clause 32(b)(v) and 32(c)(iii)(iv), the payment of the Availability Rebate is SFV's sole remedy for LTES Operator's failure to achieve the Equivalent Availability Threshold.</p>
16	Storage Capacity Report and Storage Capacity Rebate	<p>(a) During each financial year in an Annuity Period, LTES Operator must ensure that the Project achieves an "Equivalent Storage Capacity Factor" determined under Schedule 4 for such year as set out on a yearly basis in accordance with a table that is bid by LTES Operator [] ("Equivalent Storage Capacity Threshold"). The table may reflect a degradation factor for the storage capacity of the Project.</p> <p>(b) Within 20 Business Days of the end of each financial year in an Annuity Period, LTES Operator will provide to SFV a storage capacity report (Storage Capacity Report) for the preceding financial year which sets out:</p> <p>(i) the storage capacity of the Project for that financial year;</p> <p>(ii) the calculation and amount of any Storage Capacity Rebate owing to SFV (if any).</p> <p>(c) SFV must (i) approve or (ii) dispute the Storage Capacity Report within 40 Business Days of receipt under paragraph (b). If SFV dispute the Storage Capacity Report, either party may refer the matter for determination by an independent expert. If SFV do not dispute the Storage Capacity Report within that time, it is taken to be binding on both parties.</p> <p>(d) The Storage Capacity Rebate for the financial year is calculated in accordance with Schedule 4 ("Storage Capacity Rebate").</p> <p>(e) LTES Operator must pay any Storage Capacity Rebate within 20 Business Days of approval or determination under paragraph (c).</p> <p>(f) The payment of the Storage Capacity Rebate is SFV's sole remedy for LTES Operator's failure to achieve the applicable Equivalent Storage Capacity Threshold.</p>
17	Revenue reports	<p>(a) Within 20 Business Days of the end of each financial year during the Term, LTES Operator must provide SFV with a statement of its Net Operational Revenue (including each of its components) for that financial year and the Repayment Amount due (if any).</p> <p>(b) "Net Operational Revenue" means:</p> <p>(i) the revenue generated by Project through the provision of electricity and relevant services in the wholesale energy market and ancillary services markets administered by AEMO in the NEM determined by reference to the prices set by AEMO for that service; and</p> <p>(ii) the revenue earned under Offtake Contracts, less the costs of energy to generate these revenues, costs incurred in respect of Ancillary Services, payments under any Offtake Contract that are on arm's length terms and where the counterparty is not a Related Entity, each in the relevant financial year ("Permitted Costs").</p> <p>(c) If LTES Operator exercises its option for an Annuity Product in accordance with the terms of this agreement, then LTES Operator must provide SFV with a report setting out its Net Operational Revenue at the end of each quarter during the Annuity Period and any annuity payment is payable in respect of that quarter.</p>
18	Assurance of reports	<p>The reports provided under clauses 14, 15, 17 and 16 and any further information requested by the SFV in respect of a report must be certified by a relevant director of LTES Operator to be true and fair statements and comply with relevant accounting standards.</p>

No	Item	Detail
19	SFV's audit rights	<p>(a) No more than once in 12 months, SFV may commission an independent audit of the books, and records of LTES Operator for the purposes of verifying the accuracy of reports provided under clauses 14, 15, 17 and 16 and LTES Operator's compliance with the agreement.</p> <p>(b) In the absence of fraud or manifest error, the findings of the auditor will be binding on the parties.</p> <p>(c) LTES Operator will bear the costs of the audit.</p>
20	Knowledge sharing	<p>(a) LTES Operator must provide certain knowledge sharing deliverables to SFV. [Drafting note – see full form LDS LTESA for an example of the knowledge sharing deliverables.]</p> <p>(b) If LTES Operator receives funding for the Project from the Australian Renewable Energy Agency or another Government Authority, then SFV will act reasonably in agreeing any amendments to the Knowledge Sharing Deliverables to align with any equivalent obligation on LTES Operator to provide knowledge sharing deliverables to those Government Authorities.</p> <p>(c) LTES Operator must, acting reasonably and in good faith, categorise the Knowledge Sharing Deliverables it provides to SFV pursuant to this clause 20 as follows:</p> <p>(i) public information: information that may be shared freely within SFV, with industry participants and with the public in general; or</p> <p>(ii) confidential information: information that may only be shared in accordance with paragraph (d) or clause 41.</p> <p>(d) SFV may disclose information received pursuant to this clause 20 that is marked by LTES Operator as 'confidential information' to the public on an aggregated and anonymised basis.</p> <p>(e) This clause 20 ceases to apply if SFV ceases to be a scheme financial vehicle for the purposes of the EII Act and/or a Government Entity.</p>
Part 4 Annuity Product and payment terms		
21	Option structure	<p>(a) LTES Operator has an option to require SFV to enter into an arrangement for a derivative arrangement for the Annuity Period (a "Annuity Product") commencing on:</p> <p>(i) the First Option Date; or</p> <p>(ii) each anniversary of the First Option Date, (such date of commencement being the "Annuity Product Start Date" for that Annuity Product).</p> <p>(b) Subject to paragraph (c), the "Annuity Period" for an Annuity Product is two years from the applicable Annuity Product Start Date for that Annuity Product.</p> <p>(c) Notwithstanding any other clause, if an Annuity Product extends beyond the Final Annuity Product End Date then it is deemed to end on the Final Annuity Product End Date.</p> <p>(d) LTES Operator must not exercise its option to enter an Annuity Product if it means that more than one Annuity Product is in effect at any one time.</p> <p>[Drafting note: LTES Operator has the right to enter an Annuity Product annually but each Annuity Product, once entered, is a period of two financial years (except where the expiry of the Term occurs first). Start dates of Annuity Products must always align with the start of a financial year.]</p>
22	Exercise notice	LTES Operator may exercise its option to enter an Annuity Product at any time at least 6 months but no more than 12 months prior to the Annuity Product Start Date for that Annuity Product (the " Exercise Notice Period ").
23	Exercise Condition	<p>LTES Operator may only exercise an option if, at the time of exercise:</p> <p>(a) the Project:</p> <p>(i) has achieved COD in accordance with the terms of the PDA; or</p> <p>(ii) pursuant to a request under clause 5(b)(ii), SFV is satisfied (acting reasonably) that the Project will achieve COD in accordance with</p>

No	Item	Detail
		<p>the terms of the PDA before the proposed commencement date for that Annuity Product.</p> <p>(b) LTES Operator:</p> <p>(i) has not failed to make payments due under this agreement; or</p> <p>(ii) is not subject of an insolvency event.</p>
24	Annuity Product payments	SFV and LTES Operator agree to pay the amounts, calculated in accordance with Schedule 2 at the end of each quarter during the Annuity Period for an Annuity Product.
25	Repayment mechanism	<p>(a) Following the end of each financial year during the Term that is not an Annuity Period ("Non-Exercise Year"), LTES Operator must pay SFV the Repayment Amount if each of the following conditions is satisfied:</p> <p>(i) the Net Operational Revenue during that Non-Exercise year is above its Annual Net Revenue Threshold. "Annual Net Revenue Threshold" means \$[bid variable]; and</p> <p>(ii) at the end of the Non-Exercise Year, the Historical Net Payments is a positive number.</p> <p>(b) The Repayment Amount and Historical Net Payments are calculated in accordance with Schedule 5 (Repayment Amount).</p> <p>(c) Within 60 Business Days after the later of:</p> <p>(i) SFV receiving LTES Operator's revenue report under clause 17(a); and</p> <p>(ii) the finalisation of an audit (if necessary) of the revenue report under clause 19,</p> <p>SFV must notify LTES Operator whether it agrees or not with the Repayment Amount.</p> <p>(d) If SFV agrees with the Repayment Amount, LTES Operator must pay SFV the Repayment Amount as a lump sum amount within 30 Business Days of the notification under paragraph (c).</p> <p>(e) If SFV does not agree with the Repayment Amount, the senior representatives of the parties must meet to negotiate in good faith and if the matter is not resolved within 20 Business Days, the matter will be referred to dispute resolution in accordance with clause 43.</p> <p>(f) If LTES Operator is at risk of financial hardship due to the requirement to pay the Repayment Amount, LTES Operator may request deferral of payment of the Repayment Amount. SFV will consider such a request and may grant this deferral at its discretion. A deferral will not be granted where SFV determines that the financial hardship is due to an action taken by LTES Operator or its debt or equity investors (e.g. payment of distributions).</p>
26	Repayment of access fees	If SFV is reasonably satisfied that, at the date of the relevant tender, LTES Operator reasonably expected it would not be required to pay access fees under a REZ access scheme declaration and it is subsequently required to do so due to a Change in Law, then SFV will repay those amounts to LTES Operator.
Part 5 Material events		
27	Project Force Majeure Event	<p>(a) A "Project Force Majeure Event" is an event or circumstance which is beyond the reasonable control of LTES Operator and could not have been prevented by the exercise of reasonable care and good electricity industry practice, and includes a Major Casualty Event and network congestion that satisfies the foregoing criteria.</p> <p>(b) Despite paragraph (a), the following events will not constitute a Project Force Majeure Event:</p> <p>(i) lack of funds, financial hardship or inability to obtain financing or insurance by LTES Operator and its related bodies corporate;</p> <p>(ii) shortage of materials and consumables required by LTES Operator except where such failure is caused by any event or circumstance that, if such event or circumstance had happened to the affected</p>

No	Item	Detail
		<p>party, would have been a Project Force Majeure Event under this agreement;</p> <ul style="list-style-type: none"> (iii) breakdown of property or equipment caused by normal wear and tear; (iv) any event or circumstance arising due to a failure by LTES Operator, any of its Related Bodies Corporate or any of their respective employees, agents or subcontractors to properly maintain any equipment, property or asset in accordance with good industry practice; (v) strikes and industrial disputes that only affect LTES Operator; (vi) failure by any person (other than the other party to this agreement) to perform an obligation, except where such failure is caused by any event or circumstance that, if such event or circumstance had happened to LTES Operator, would have been a Project Force Majeure Event under the LTESA; (vii) delay in obtaining any authorisation required to be held by a party to perform its obligations under this agreement; or (viii) lack or excess of natural resources. <p>(c) The rights and obligations of LTES Operator affected by the Project Force Majeure Event under this agreement (other than the obligation to pay amounts of money) will be suspended in whole or in part to the extent the ability of the affected party is affected by the Project Force Majeure Event.</p> <p>(d) If a Project Force Majeure Event occurs during an Annuity Period and the capacity of the Project to operate is reduced as a result of that Project Force Majeure Event, then:</p> <ul style="list-style-type: none"> (i) LTES Operator must use best endeavours to operate the Project in accordance with clause 7; (ii) LTES Operator must: <ul style="list-style-type: none"> (A) notify SFV and use best endeavours to remedy the impact of the Project Force Majeure Event as soon as practicable; (B) as soon as reasonably practicable (and no later than 5 Business Days after the commencement of the Project Force Majeure Event) provide notice of the occurrence of the Project Force Majeure Event including reasonable details of that Project Force Majeure Event; and (C) provided SFV with an updated every 2 weeks (or as otherwise agreed) on the impact of the Project Force Majeure Event.
28	Major Casualty Event	<p>(a) A “Major Casualty Event” is an event that causes loss, damage or destruction to at least [•]% of the rated capacity contained in the definition of the Project</p> <p><i>[Drafting note: the value of this threshold will be set on a per project basis reflect a scenario where LTES Operator will be unable to reasonably meet its obligations under this LTESA.]</i></p> <p>(b) If a Major Casualty Event occurs, then LTES Operator must within six months, or as otherwise agreed by both parties (acting reasonably) notify SFV of whether LTES Operator elects to reinstate the Project.</p> <p>(c) If LTES Operator elects to reinstate the Project, then:</p> <ul style="list-style-type: none"> (i) LTES Operator must give SFV a plan to reinstate the Project that is satisfactory to SFV (acting reasonably) and comply with that plan in all material respects; (ii) SFV may request changes to a reinstatement plan or approve a reinstatement plan; and (iii) LTES Operator must at its own cost reinstate the Project to a state that is substantially the same as prior to the Major Casualty Event. <p>(d) If LTES Operator does not elect to reinstate the Project, or does not provide a reinstatement plan or fails to comply with a reinstatement plan (and does</p>

No	Item	Detail
		not cure that failure on 2 months' notice), then SFV may terminate this agreement.
29	Prolonged Unavailability Event	<p>(a) "Prolonged Unavailability Event" means the Project:</p> <ul style="list-style-type: none"> (i) is not available for dispatch (as forecast in the "short term PASA", as defined in the NER) for a cumulative period of 12 months across of period of four consecutive financial years during the Term; or (ii) has an Equivalent Availability Factor or Equivalent Storage Capacity Factor of less than [] for a period of two consecutive financial years during the Term, <p>in each case other than as a result of a Project Force Majeure Event.</p> <p>(b) If a Prolonged Unavailability Event occurs, then LTES Operators must notify SFV of whether it elects to remedy the event.</p> <p>(c) If LTES Operator elects to reinstate the Project, then:</p> <ul style="list-style-type: none"> (i) LTES Operator must give SFV a plan to remedy the event as soon as reasonably practicable and in any event within 12 months that is satisfactory to SFV (acting reasonably) and comply with that plan in all material respects; (ii) SFV may request changes to a reinstatement plan or approve a reinstatement plan; (iii) LTES Operator must at its own cost reinstate the Project to a state that is substantially the same as prior to the Major Casualty Event. <p>(d) If LTES Operator does not elect to remedy the event, or does not provide a remedy plan or fails to comply with a remedy plan (and does not cure that failure on 2 months' notice), then SFV may terminate this agreement.</p>
30	Change in Law	<p>(a) A "Change in Law" is:</p> <ul style="list-style-type: none"> (i) the introduction of a new law; (ii) the amendment or repeal of an existing law; or (iii) a change in the way a law is applied or interpreted as a result of an administrative decision or a binding decision of a court of competent jurisdiction, <p>that occurs during the Term that applies generally to Project's technology type in NSW, but does not include:</p> <ul style="list-style-type: none"> (iv) the repeal, amendment or enactment of any law or change of application of any law relating to Ineligible Tax; (v) change in planning or environmental requirements associated with the development, construction, operation or decommissioning of the Project; or (vi) any change to the NER which at the Tender Date is subject of a final determination of the AEMC or the Energy Security Board. <p>(b) If at any time after the Tender Date, a Change in Law occurs that prevents or materially interferes with the operation of the LTESA or any of the transactions contemplated by the LTESA, then the parties will:</p> <ul style="list-style-type: none"> (i) use best endeavours to mitigate the impact of the Change in Law; and (ii) negotiate in good faith any specific amendment to the LTESA (other than the Annuity Cap) requested by a party to as to preserve the efficacy of the operation of the LTESA in the manner originally intended at the Signing Date. <p>(c) Ineligible Tax means any income, capital gains, stamp, payroll, land, council or transaction duty, tax or charge, or any taxes or charges analogous to such taxes or charges.</p>
31	Relevant Cost Change	<p>(a) A "Relevant Cost Change" is a net increase or decrease in LTES Operator's direct costs of:</p> <ul style="list-style-type: none"> (i) constructing and commissioning of the Project; or (ii) operating the Project; or (iii) storing and exporting electricity,

No	Item	Detail
		<p>that arises as a result of a Change in Law but excludes any Permitted Costs.</p> <p>(b) If LTES Operator incurs a Relevant Cost Change, then:</p> <p>(i) LTES Operator must use best endeavours to mitigate any cost increase and to maximise any cost savings, as a result of the Relevant Cost Change; and</p> <p>(ii) if the aggregate net impact of all Relevant Cost Changes exceeds \$500,000 per annum in relation to operation and maintenance expenditure or \$500,000 in relation to capital expenditure, then the parties will negotiate in good faith an adjustment to the Annuity Cap which the parties consider is required to pass through 50% of the net impact of the Relevant Cost Change to SFV in accordance with the Cost Change Principles.</p> <p>(c) If the parties fail to agree to an adjustment to the Annuity Cap, then the matter may be referred by either party to an Independent Expert for determination of an adjusted Annuity Cap in accordance with the Cost Change Principles.</p> <p>(d) The “Cost Change Principles” are:</p> <p>(i) the cost or benefit passed through to SFV will not include the threshold amount in paragraph (b)(ii) and will commence at the start of a Financial Year;</p> <p>(ii) it will be assumed that LTES Operator will exercise all remaining options under the LTESA (noting that SFV is not required to share the net impact of the Relevant Cost Change during any period in respect of which an Annuity Product has not been exercised);</p> <p>(iii) any increase in LTES Operator’s costs will be discounted for any economic benefit to LTES Operator associated with the relevant Change in Law; and</p> <p>(iv) where the most efficient response to the Change in Law involves the incurring of capital expenditure, the cost of that capital expenditure will be allocated on a proportional basis between the remaining Term and the useful economic life of the relevant capital item.</p>
Part 6 Other terms		
32	Termination	<p>(a) The LTESA automatically terminates with immediate effect if the PDA is terminated.</p> <p>(b) A party (“Non-defaulting Party”) may terminate the LTESA by providing notice to the other party (“Defaulting Party”) if:</p> <p>(i) (failure to pay) the Defaulting Party:</p> <p>(A) fails to make a payment or delivery as due in accordance with the requirements of the LTESA; and</p> <p>(B) does not cure that failure within 20 Business Days of being notified of that failure by the Non-defaulting Party;</p> <p>(ii) (breach and repudiation) other than in respect of the obligation referred to in sub-paragraph (i), the Defaulting Party:</p> <p>(A) materially fails to comply with or perform any obligation under the LTESA; and</p> <p>(B) SFV does not cure that failure within [60] Business Days of being notified of that failure by the Non-defaulting Party or LTES Operator does not cure that failure within 40 Business Days of being notified of that failure by the Non-defaulting Party;</p> <p>(iii) (misrepresentation) an express representation made by the Defaulting Party is incorrect or misleading in any material respects;</p> <p>(iv) (insolvency) the Defaulting Party is subject of an insolvency event; or</p> <p>(v) (prolonged force majeure) a Project Force Majeure Event impacting:</p> <p>(A) at least 50% of the Registered Capacity; and/or</p>

No	Item	Detail
		<p>(B) 50% of the storage capacity of the Project, is subsisting for a period of 3 consecutive financial years.</p> <p>(c) SFV may terminate the LTESA immediately by providing notice to LTES Operator if:</p> <p>(i) (Tender misrepresentation) an express tender representation made by LTES Operator is incorrect or misleading in any material respects and SFV forms the view that the Consumer Trustee would likely onto have recommended an LTESA to LTES Operator and LTES Operator fails to remedy that representation or pay compensation within 60 Business Days of a notice from SFV to do so (which notice may only be given in the first 2 years of the Term) ;</p> <p>(ii) (Fraudulent project reports) LTES Operator:</p> <p>(A) fraudulently, recklessly or knowingly provides a project report or further information that is incorrect of misleading; and</p> <p>(B) after receiving notice from the SFV following a breach under paragraph (A) above, LTES Operator does not pay SFV compensation or ensure persons involved have no future involvement in the project and LTES Operator does not procure audits of the project reports.</p> <p>(iii) (No remedy following Prolonged Unavailability Event) a Prolonged Unavailability Event occurs and:</p> <p>(A) LTES Operator does not elect to remedy the event;</p> <p>(B) LTES Operator does not provide a remedy plan or amended plan;</p> <p>(C) SFV rejects a proposed remedy plan; or</p> <p>(D) LTES Operator elects to remedy but does not comply with the remedy plan in all material respects and does not cure that failure within 2 months after being notified of such failure; or</p> <p>(iv) (No reinstatement following Major Casualty Event) a Major Casualty Event occurs and:</p> <p>(E) LTES Operator does not elect to reinstate the Project;</p> <p>(F) LTES Operator does not provide an reinstatement plan or amend plan;</p> <p>(G) SFV rejects a proposed reinstatement plan; or</p> <p>(H) LTES Operator elects to reinstate the Project but does not comply with the reinstatement plan in all material respects and does not cure that failure within 2 months after being notified of such failure; or</p> <p>(v) (Amendment or repeal of EII Act) the NSW Parliament amends or repeals the EII Act or regulations, or introduces new regulations, or passes new laws, that results in the SFV being unable to recover amounts under contribution orders required for it to meet its liabilities as they fall due under this agreement and the NSW Government has not arranged or procured other sources of funds or funding mechanisms for the SFV to meet its liabilities under this agreement.</p> <p>(d) (Termination for convenience) SFV terminate this agreement for convenience by providing notice to LTES Operator. <i>[Drafting note: in this case it is intended that the SFV will be indemnified by the State to enable it to pay out the Fixed Termination Amount (as set out in clause 33 below).]</i></p>
33	Termination payments	<p>(a) The following termination amounts are payable on termination of the LTESA:</p> <p>(i) (PDA Termination) If SFV terminates the PDA in accordance with clause 32(a) on or before the Commercial Operations Date, then LTES Operator must pay the Early Termination Amount. If termination occurs under clause 32(a) at any other time, there are no termination amounts payable under this agreement.</p>

No	Item	Detail
		<p>(ii) (LTES Operator default) In the case of termination by SFV under clauses 32(b)(i) - (b)(iv) (inclusive), clauses 32(c)(i) - 32(c)(ii) (inclusive), where LTES Operator is the defaulting party, LTES Operator will pay SFV the Early Termination Amount.</p> <p>(iii) (SFV's default) In the case of termination by LTES Operator under clauses 32(b)(i) - (b)(iv) (inclusive), where SFV is the defaulting party, then SFV will pay LTES Operator the Fixed Termination Amount.</p> <p>(iv) (Prolonged Unavailability Event) in the case of termination by SFV in accordance with clause 32(c)(iii), LTES Operator will pay SFV the Early Termination Amount.</p> <p>(v) (Major Casualty Event) In the case of termination by SFV for the termination described under clause 32(c)(iv) then no termination amount is payable unless the relevant Major Casualty Event was not a Project Force Majeure Event or the Project is reinstated within 5 years in which case, LTES Operator will pay SFV the Early Termination Amount.</p> <p>(vi) (LTESA Change in Law) In the case of termination by SFV for an LTESA Change in Law described under clause 32(c)(v), SFV must pay LTES Operator the Fixed Termination Amount.</p> <p>(vii) (Termination for convenience) In the case of termination by SFV for convenience described under clause 32(d), SFV must pay LTES Operator the Fixed Termination Amount.</p> <p>(b) "Early Termination Amount" means the sum of:</p> <p>(i) \$20,000 per MW multiplied by the Maximum Capacity, up to a maximum amount of \$4,000,000; and</p> <p>(ii) the greater of 90% of Historical Net Payments and zero calculated at the date of termination.</p> <p>(c) "Fixed Termination Amount" means a specified value for the year that this agreement is terminated by SFV.</p> <p><i>[Drafting note: bidders will bid in a LTESA value (at year 1) and this will be amortised on a straight-line basis.]</i></p>
Disposals		
34	Disposal by SFV	<p>(a) SFV may Dispose of the LTESA (in each case without the consent of LTES Operator) to:</p> <p>(i) a government entity; or</p> <p>(ii) any person who replaces SFV as the scheme financial vehicle under the EII Act, provided that such person is entitled to contributions made by distribution network service providers to the Electricity Infrastructure Fund.</p> <p>(b) SFV may otherwise Dispose of the LTESA with the consent of LTES Operator (not to be unreasonably withheld or delayed).</p>
35	Disposal by LTES Operator	<p>(a) Subject to paragraph (b), LTES Operator may Dispose of the LTESA or the Project with the consent of SFV, not to be unreasonably withheld or delayed if:</p> <p>(i) the transferee has the legal, financial and technical capability to perform its obligations under the LTESA; and</p> <p>(ii) if the Disposal occurs prior to COD, SFV considers (in its absolute discretion) the transferee would have achieved an equivalent or higher merit score from the Consumer Trustee during the tender assessment.</p> <p>(b) LTES Operator may only Dispose of the LTESA or the Project if LTES Operator has Disposed of the LTESA, the Project and, if relevant, the PDA to the same person.</p>
36	Security and tripartite	<p>(a) LTES Operator may grant a security interest over the LTESA or the Project with its debt financiers in accordance with its debt financing arrangements without the consent of SFV.</p>

No	Item	Detail
		<p>(b) If requested by LTES Operator, SFV will enter into a tripartite agreement with LTES Operator and LTES Operator's debt financiers in the form attached to the LTESA.</p> <p>(c) Clause 35 will govern any Disposal as part of the enforcement of security by the financiers to LTES Operator.</p>
37	Change in control	<p>(a) Subject to paragraph (b), LTES Operator may not undergo, or agree to undergo, a Change in Control without SFV's prior consent, not to be unreasonably withheld or delayed if:</p> <p>(i) LTES Operators' legal, financial and technical capability to perform its obligations under the LTESA will not be adversely affected; and</p> <p>(ii) if the Change in Control occurs prior to COD, SFV considers (in its absolute discretion) LTES Operator (as applicable) would have achieved an equivalent or higher merit score from the Consumer Trustee during the tender assessment.</p> <p>(b) A change of Control of LTES Operator is deemed to be a disposal of the LTESA to which clause 35 applies.</p> <p>(c) The definition of "Control" is to be based upon section 50AA of the Corporations Act and include a direct or indirect power to control an entity and will exclude a change of control of a listed entity through a transfer or issue of shares that are listed on a recognised public securities exchange or internal restructure or reorganisation provided it doesn't change the ultimate holding company.</p>
38	Excluded Loss	<p>(a) To the extent permissible by law, except for any express liability to pay an amount (including any termination amounts), neither party is liable for:</p> <p>(i) any cost, expense, loss or damage of an indirect nature (including loss of profits and revenue);</p> <p>(ii) business interruption; or</p> <p>(iii) any other consequential loss.</p> <p>(b) SFV will have a limitation of liability of \$1M per event and \$2M in aggregate for all events occurring within 12 months.</p> <p>(c) LTES Operator will have a limitation of liability of \$5M per event and \$10M in aggregate for all events occurring within 12 months.</p> <p>(d) LTES Operator will indemnify SFV for certain defined conduct and third party claims.</p>
39	Representations and warranties	<p>Each party represents that:</p> <p>(a) it holds, or is exempt from the requirement to hold, an Australian financial services licence under Division 2 of Part 7.6 of the Corporations Act; and</p> <p>(b) under section 761G of the Corporations Act, it deals in the relevant financial products and the relevant financial services with the other party as a wholesale client.</p>
40	GST	<p>(a) All amounts in this agreement, are expressed exclusive of GST.</p> <p>(b) The LTESA will include customary provisions dealing with the treatment of GST.</p>
41	Confidentiality	The LTESA will include an Australian market standard confidentiality regime.
42	Independent Expert	<p>(a) Where a dispute under this agreement is referred to Independent Expert for resolution, the parties will cooperate in good faith to appoint an Independent Expert who has the appropriate commercial and practical expertise in the National Electricity Market.</p> <p>(b) If the parties are unable to agree on the appointment of the Independent Expert within 10 Business Days of a party giving notice that a matter is to be referred to an Independent Expert, either party may request that the CEO of the Resolution Institute (or its independent nominee) nominates an Independent Expert within 20 Business Days of the request.</p> <p>(c) An Independent Expert must:</p> <p>(i) declare any conflict of interest and not be appointed without the consent of the parties if he or she has any conflict of interest;</p>

No	Item	Detail
		<ul style="list-style-type: none"> (ii) act as an expert and not as an arbitrator; (iii) keep confidential all materials and information made available to or by the parties; and (iv) initiate such enquiries and investigations as he or she considers necessary or desirable for the purposes of performing its function. <p>(d) The determination of the Independent Expert will be, in the absence of manifest error or fraud, final and binding on the parties.</p> <p>(e) The costs of an Independent Expert must be borne equally between the parties.</p>
43	Dispute resolution	The LTESA will include an Australian market standard dispute resolution regime that allows for referral to an independent expert in appropriate circumstances.
44	Pooled dispute	LTESA will include a dispute pooling regime that will apply in the event of common or similar disputes across multiple LTESAs. This regime may apply to disputes in relation to Change in Law as described in clause 30 and clause 32(c)(v).
45	Notices	The LTESA will include an Australian market standard regime for the delivery and receipt of notices given under the LTESA.
46	Governing law	The LTESA is governed by and construed in accordance with the laws of New South Wales.

Schedule 1 Definitions

In this agreement:

AEMO means the Australian Energy Market Operator Limited (ACN 072 010 327).

Annual Net Revenue Threshold has the meaning given to that term in clause 25.

Annuity Cap means [bid variable].

Annuity Period has the meaning given to that term in clause 21(b).

Annuity Product has the meaning given to that term in clause 21.

Annuity Product Start Date has the meaning given to that term in clause 21.

Annuity Reduction Threshold means, in respect of an Annuity Product, the difference between the Annual Net Revenue Threshold for that Annuity Product and the Annuity Cap for that Annuity Product.

Adjustment Date means each 1 July following the Tender Date.

Availability Rebate has the meaning given to that term in clause 15.

Availability Rebate Percentage has the meaning given to that term in Schedule 3.

Availability Report has the meaning given to that term in clause 15.

Business Day means any day on which banks are open for business in Sydney, New South Wales other than Saturday or Sunday.

Change in Law has the meaning given to that term in clause 30.

COD means the date on which the conditions for the commercial operation of Project are satisfied, or waived by the parties, under the Project Development Agreement.

Community Engagement Plan means the community engagement plan submitted by LTES Operator as part of the tender bid.

Consumer Trustee means AEMO Services Limited (ACN 651 198 364) in its capacity as consumer trustee under the EII Act.

Deemed Availability Period has the meaning given to that term in Schedule 3.

Dispose means assign, novate, transfer or otherwise dispose of any legal or equitable interest, either in whole or part, whether by sale, lease, declaration or creation of trust or otherwise and **Disposal** has a corresponding meaning.

Early Termination Amount has the meaning given to that that in clause 33.

Equivalent Availability Factor has the meaning given to that term in Schedule 3.

Equivalent Availability Threshold has the meaning given to that term in clause 15.

Equivalent Storage Capacity Factor has the meaning given to that term in Schedule 4.

Equivalent Storage Capacity Threshold has the meaning given to that term in clause 16.

Exercise Notice Period has the meaning given to that term in clause 22.

Final Annuity Product End Date has the meaning given in clause 5 [**Drafting note: this item is a bid variable**].

First Option Date has the meaning given to that term in clause 5.

Fixed Termination Amount has the meaning given to that term in clause 33.

Historical Net Payments has the meaning given to that term in Schedule 5.

Independent Expert means an expert appointed in accordance with clause 42.

Industry and Aboriginal Participation Plan means the industry and aboriginal participation plan submitted by LTES Operator as part of the tender bid.

Ineligible Tax has the meaning given to that term in clause 30.

LTES Operator has the meaning given to that term in clause 1.

Major Casualty Event has the meaning given to that term in clause 28.

National Electricity Law means the National Electricity Law set out in the schedule to the *National Electricity (South Australia) Act 1996 (SA)*.

National Electricity Rules means the National Electricity Rules made under the National Electricity Law, as amended from time to time.

Net Operational Revenue has the meaning given to that term in clause 17.

NEM means the national electricity market.

NER means the National Electricity Rules made under the National Electricity Law, as amended from time to time.

Network means the transmission or distribution network (as applicable) to which the Project is connected.

Non-Exercise Year has the meaning given to that term in clause 25.

Offtake Contract means any contract, arrangement or understanding entered into by LTES Operator in relation to electricity, relevant services in the wholesale energy market and ancillary services markets and capacity markets and energy storage capacity markets, including a purchase contract, tolling contract, lease, underwriting arrangement and derivative, forward, option or any such combination where the consideration under it is derived by reference to electricity, capacity products or green products.

Operating Requirements has the meaning given to that term in clause 7.

Operating Strategy has the meaning given to that term in clause 14.

Peak Periods has the meaning given to that term in clause 10.

Permitted Cost has the meaning given in clause 17.

Project means *[bid variable]*. *[Drafting note – Project definition will include key project characteristics.]*

Project Services has the meaning given to that term in clause 8.

Project Development Agreement or “PDA” means the project development agreement entered into on or about the date of the LTESA between LTES Operator and Consumer Trustee with respect to the Project.

Project Force Majeure Event has the meaning given to that term in clause 27.

Quarterly Annuity Payment is an amount calculated in accordance with Item 1 of Schedule 2

Related Entity has the meaning given in the Corporations Act.

Relevant Cost Change has the meaning given to that term in clause 31.

Registered Capacity has the meaning given to that term in Part 6 of the EII Act.

Repayment Amount means the amount calculated in accordance with Schedule 5.

SFV has the meaning given to that term in clause 1.

Signing Date means the date that the LTESA is signed.

Storage Capacity Rebate has the meaning given to that term in clause 16.

Storage Capacity Report has the meaning given to that term in clause 16.

Term has the meaning given to that term in clause 5.

Tender Date means the date on which LTES Operator submitted its “Financial Value Bid” in connection with its tender bid.

Schedule 2 Annuity Product payment calculations

1 SFV Payments

- 1.1 SFV must pay to LTES Operator:
- the 25% of the Annuity Cap (**Quarterly Annuity Payment**); and
 - any positive Annual Reconciliation Payment.
- 1.2 SFV must pay the Quarterly Annuity Payment within 30 Business Days of the end of the first, second and third Quarters of each financial year in an Annuity Period. No Quarterly Annuity Payment is payable in respect of the fourth quarter of a financial year in an Annuity Period.
- 1.3 SFV must pay any positive Annual Reconciliation Payment within 30 Business Days of the end of a financial year in an Annuity Period.

2 LTES Operator payments

- 2.1 LTES Operator must pay SFV the lesser of the Historical Net Payments and the absolute value of any negative Annual Reconciliation Payment within 30 Business Days of the end of a financial year in an Annuity Period.

3 Annual Reconciliation Payment

The “**Annual Reconciliation Payment**” for a financial year in an Annuity Period is calculated as follows:

$$ARP_{FY} = AAA_{FY} - ARS_{FY} - \sum QAP_{FY}$$

where:

- ARP_{FY} = the Annual Reconciliation Payment for the financial year;
 AAA_{FY} = the Adjusted Annuity Amount for the financial year;
 ARS_{FY} = the Annual Revenue Sharing Amount for the financial year; and
 $\sum QAP_{FY}$ = the sum of the Quarterly Annuity Payment paid by SFV in respect of quarters in the financial year.

4 Adjusted Annuity Amount

The “**Adjusted Annuity Amount**” for a financial year in an Annuity Period is:

- if the Net Operational Revenue for the financial year is less than or equal to the Annuity Reduction Threshold for the financial year in an Annuity Period, an amount that is equal to the Annuity Cap;
- if the Net Operational Revenue for the financial year is greater than the Annuity Reduction Threshold for the financial year, an amount calculated as follows:

$$AAA_{FY} = AC_{FY} - 75\% \times (NOR_{FY} - ART_{FY})$$

where:

- AAA_{FY} = the Adjusted Annuity Amount for the financial year;
 AC_{FY} = the Annuity Cap;
 NOR_{FY} = the Net Operational Revenue for the financial year; and
 ART_{FY} = the Annuity Reduction Threshold for the financial year,
 provided that if the Adjusted Annuity Amount is less than zero then it will be deemed to be zero.

5 Annual Revenue Sharing Amount

The “**Annual Revenue Sharing Amount**” for a financial year in an Annuity Period is calculated as follows:

$$ARS_{FY} = 50\% \times (NOR_{FY} + AAA_{FY} - NRT_{FY})$$

where:

- ARS_{FY} = the Annual Revenue Sharing Amount for the financial year;
 NOR_{FY} = the Net Operational Revenue for the financial year;
 AAA_{FY} = the Adjusted Annuity Amount for the financial year; and
 NRT_{FY} = the Annual Net Revenue Threshold for the financial year,
 provided that if the Annual Revenue Sharing Amount is less than zero then it will be deemed to be zero.

Schedule 3 Availability Rebate

1 Availability Rebate

The "Availability Rebate" for a financial year in an Annuity Period is calculated as follows:

$$ARF_{FY} = AAA_{FY} \times ASF_{FY}$$

where:

- ARF_{FY}= the Availability Rebate for the financial year (in \$);
AAA_{FY}= the Adjusted Annuity Amount for the financial year (in \$); and
ASF_{FY}= the Availability Rebate Percentage for the financial year (expressed as a percentage).

provided that the Availability Rebate for the financial year when aggregated with the Storage Capacity Rebate for the financial year will be capped at the Annuity Cap for that financial year.

2 Availability Rebate Percentage

The "Availability Rebate Percentage" for a financial year in an Annuity Period is calculated as follows:

$$ASF_{FY} = 1\% \times (EAT - EAF_{FY})$$

where:

- ASF_{FY} = the Availability Rebate Percentage for the financial year (expressed as a percentage);
EAT= the Equivalent Availability Threshold; and
EAF_{FY}= the Equivalent Availability Factor for the Project for the financial year,

provided that:

- (a) if the Availability Rebate Percentage is less than 0% then it will be deemed to be 0%; and
(b) if EAF_{FY} is less than 10, then ASF_{FY} will be deemed to be 100%.

3 Equivalent Availability Factor

- (a) Subject to paragraph (b), the "Equivalent Availability Factor" for the Project for a financial year is to be calculated in accordance with the formula set out in paragraph 8.11 of IEEE 762-2006, provided that:

- (i) a reference to "generation" is taken to be a reference to "export capability"; and
(ii) a reference to "generating unit" is a reference to the Project.

[Note: the Equivalent Availability Factor is expressed as a number (e.g. 90) and not a percentage (e.g. 90%).]

- (b) If the rated capacity is reduced during a period of time as a direct result of a direction or instruction given by AEMO under the NER that:

- (i) relates to the condition of the transmission network; and
(ii) was not issued as a response to or as a result of any act or omission of LTES Operator or LTES Operator's officers, employees, subcontractors or agents,

(a "Deemed Availability Period"), then that period of time will be disregarded for the purpose of calculating the Equivalent Availability Factor for the Project.

Schedule 4 Storage Capacity Rebate

1 Storage Capacity Rebate

The “Storage Capacity Rebate” for a financial year in an Annuity Period is calculated as follows:

$$SCF_{FY} = AAA_{FY} \times SCP_{FY}$$

where:

SCF_{FY}= the Storage Capacity Rebate for the financial year (in \$);

AAA_{FY}= the Adjusted Annuity Amount for the financial year (in \$); and

SCP_{FY}= the Storage Capacity Percentage for the financial year (expressed as a percentage).

provided that the Storage Capacity Rebate for the financial year when aggregated with the Availability Rebate for the financial year will be capped at the Annuity Cap for that financial year.

2 Storage Capacity Percentage

The “Storage Capacity Percentage” for a financial year is calculated as follows:

$$SCP_{FY} = 1\% \times (ESCT - ESCF_{FY})$$

where:

SCP_{FY} = the Storage Capacity Percentage for the financial year (expressed as a percentage);

ESCT= the Equivalent Storage Capacity Threshold; and

ESCF_{FY}= the Equivalent Storage Capacity Factor for the Project for the financial year,

provided that:

- (a) if the Storage Capacity Percentage is less than 0% then it will be deemed to be 0%; and
- (b) if ESCF_{FY} is less than [insert], then SCP_{FY} will be deemed to be 100%.

3 Equivalent Storage Capacity Factor

The “Equivalent Storage Capacity Factor” for the Project for a financial year is to be calculated as the total energy that could have been stored by the Project, measured in MWh as the total available discharge capacity between the Project maximum and minimum state of charge at the Connection Point.

Schedule 5 Repayment Amount

1 Historical Net Payments

The “**Historical Net Payments**” at a particular time is calculated as follows:

$$HNP_T = \sum SP - \sum LP$$

where:

- HNP_T = the Historical Net Payments at that time;
- $\sum SP$ = the sum of the Quarterly Annuity Payments and Annual Reconciliation Payments paid by SFV to LTES Operator prior to that time; and
- $\sum LP$ = the sum of Annual Reconciliation Payments (expressed as a positive number), Availability Rebates, Storage Capacity Rebates and Repayment Amounts paid by LTES Operator to SFV prior to that time.

2 The “**Repayment Amount**” for a Non-Exercise Year is an amount equal to the lesser of:

- a) the Historical Net Payments at the end of that Non-Exercise Year; and
- b) an amount calculated as follows

$$50\% \times (NOR_{FY} - NRT_{FY})$$

where:

- NOR_{FY} = the Net Operational Revenue for the Non-Exercise Year; and
- NRT_{FY} = the Annual Net Revenue Threshold for the Non-Exercise Year, provided that the Repayment Amount may not be less than zero.

Schedule 6 Market making obligation

[Drafting note: Wholesale markets contracting obligations to be proposed by LTES Operator and evaluated as part of its bid.