NSW Electricity Infrastructure Tenders

Market Briefing Note on outcomes of Tender 7 for Firming infrastructure

LTESAs awarded to 532 MW of Firming projects with 4-hour dispatch duration in NSW

On 15 May 2026, ASL announced the award of Long-Term Energy Service Agreements (**LTESAs**) in NSW Roadmap Tender 7 to one Battery Energy Storage System (**BESS**) and one Demand Response project, equivalent to a total of 532 MW and 2,128 MWh[1] of firming capacity.

These Bids were recommended to the Scheme Financial Vehicle (**SFV**) following the completion of a competitive tender process where the Projects comprehensively demonstrated their value to NSW electricity customers and benefits to their host communities.

This market briefing note provides information on successful Bids in Tender 7 and outlines how ASL, in its capacity as NSW Consumer Trustee, is making tender decisions in the long-term financial interests of New South Wales (**NSW**) electricity customers.

Under the terms of the Firming LTESA, the successful Projects have made commitments to achieve Commercial Operations Date (**COD**) by the end of November 2027 to improve near-term reliability in NSW.

The Firming LTESA requires these Projects to support the grid during Lack of Reserve (**LOR**) 2 and 3 events, which occur when the available electricity supply is at high risk of not meeting demand. These contractual obligations ensure the Projects deliver critical supply to NSW electricity customers when the system needs it most and support reliability during periods of system stress.

Please refer to Appendix 2 – Key definitions for further information on terms used throughout this note.

Table 1: Successful Projects in Tender 7

Project Name	Technology	MW / MWh
Tomago Battery Project	BESS (Li-ion)	500 MW / 2,000 MWh
Enel X VPP	Demand Response	32 MW / 128 MWh

Awarded projects provide additional capacity within the Sydney-Newcastle-Wollongong region

ASL, as the Consumer Trustee under the *Electricity Infrastructure Investment Act 2020* (NSW) (**EII Act**), was directed by the NSW Minister for Energy to conduct a competitive tender for 500 MW of firming infrastructure, prioritising firming capacity in the Sydney-Newcastle-Wollongong (**SNW**) sub-region. The direction was the result of a forecast shortfall for the summer of 2027-28 identified in the 2024 Energy Security Target Monitor (**ESTM**) report.

ASL has the flexibility to recommend LTESAs above or below the indicative tender size where it is determined to be in the long-term financial interests of NSW electricity customers. The successful Firming Projects represent 106% of the indicative tender size.

These Projects will support the overall infrastructure investment objective of meeting the reliability standard. Importantly, both successful Projects align with the

1 The Demand Response Projects have a contracted minimum response duration of 4 hours and are taken to have an energy capacity equivalent to four-times their maximum capacity.

Tender's priority for capacity within the SNW sub-region and can provide up to 4-hours of energy dispatch to meet market needs, particularly during periods of peak demand.

The successful Projects meet the conditions outlined in the Tender Guidelines for providing a Contribution Towards EST[2] and contribute towards the Energy Security Target.

Seventh successful NSW Roadmap tender for ASL

Tender 7 was the seventh NSW Roadmap tender conducted by ASL, and the second to offer Firming Supply and Demand Response LTESAs. These Projects add to the existing portfolio of firming infrastructure secured under Tender 2 and increase the total to over 1.5 GW. The successful Bids were competitively priced and had a significantly lower average cost than the successful Bids in Tender 2.

ASL, as the NSW Consumer Trustee, designs and implements competitive tenders to recommend LTESAs that are in the long-term financial interests of NSW electricity customers. The LTESA is intended to spur investment and lower the cost of financing while protecting cost exposure for NSW electricity customers and providing a committed date to bring online new energy infrastructure.

Proponents should refer to the ASL website for the latest information on current and previous Tenders.

Market Briefing notes on the outcomes of previous Tenders are also available on the ASL website.

Further tenders to meet identified shortfalls from 2033-34

The NSW Minister for Energy has directed ASL, as the independent NSW Consumer Trustee, to deliver a firming tender in response to a forecast shortfall in capacity from 2033-34 as identified in the 2025 ESTM report.

Further details on the tender target are expected to be set out in the 2026 Firming Infrastructure Investment Objective (IIO) report, expected to be published around Q3 2026, with a tender likely to open in Q4 2026 or Q1 2027.

The Consumer Trustee encourages all competitive and eligible Projects, including those with longer lead times, to prepare and participate.

The latest information is available on the ASL website.

An overview of previous tender outcomes is shown below in ***Table 2***.

Table 2: Sum of Maximum Capacity (MW) for all Projects and Storage Capacity (MWh) for Generation, LDS and Firming Projects contracted to LTESAs across Tenders.

NSW Tender	Generation	Long duration storage	Firming
7	N/A	N/A	532 MW / 2,128 MWh
6	N/A	1,171 MW / 11,980 MWh	N/A
5	N/A	1,025 MW / 13,790 MWh	N/A
4	312 MW[3]	N/A	N/A
3	750 MW	524 MW / 4,192 MWh	N/A
2	N/A	N/A	1,075 MW / 2,980 MWh
1	1,390 MW	50 MW / 400 MWh	N/A
Total	2,452 MW	2,770 MW / 30,362 MWh	1,607 MW / 5,108 MWh

An equivalent MWh for Demand Response Projects is provided based on the minimum response durations (e.g. 4 hours) which is committed to be maintained throughout their LTESA term.

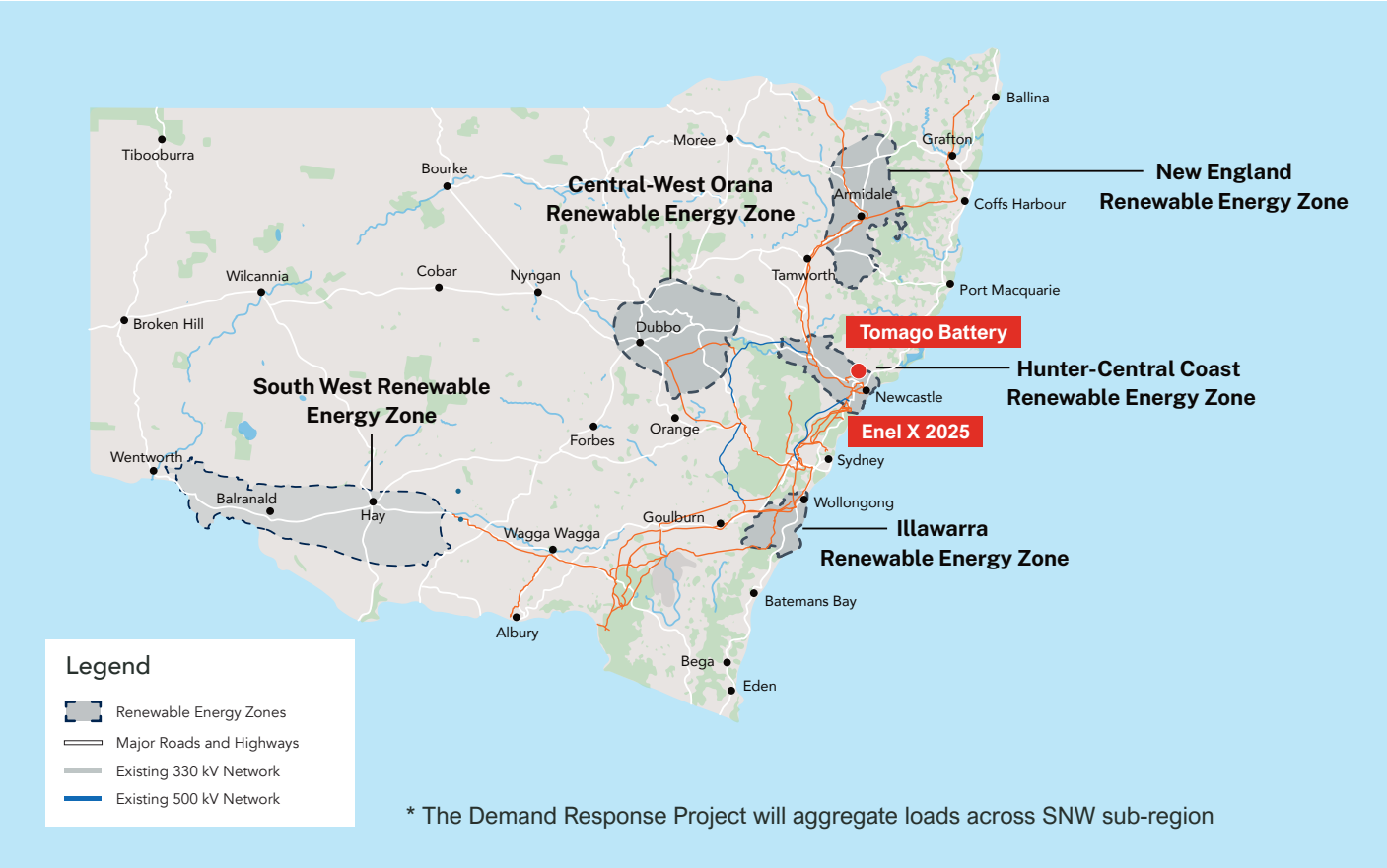
An overview of the successful Projects is set out in Table 3 and their locations shown in Figure 1.

2 Defined in Section C of the NSW Tender 7 Tender Guidelines.
3 Tender 4 awarded Hybrid Project has a storage capacity of 372MWh not captured in this table.

Table 3: Successful Projects in Tender 7 – Firming

Project Name	Proponent / Ultimate Parent	Technology	Maximum Capacity	Storage Capacity
Tomago Battery Project	AGL Energy Limited	BESS (Lithium-ion)	500 MW	2,000 MWh
Enel X VPP	Enel X Australia Pty Ltd	Demand Response	32 MW	128 MWh

Figure 1: Location of Projects awarded LTESAs in NSW Roadmap Tender 7



High scoring on merit criteria

A number of competitive Bids for Firming Projects were received in Tender 7.

Bids were assessed under the approach outlined in the Tender Guidelines. The approach used five Merit Criteria, each with an individual weighting (see Appendix 3 – Merit Criteria Weightings).

The successful Bids scored well across:

- **non-financial Merit Criteria** – including a diverse range of social value initiatives, a clear pathway to commercial operations and strong organisational capability to deliver the project, and potential to reduce greenhouse gas emissions; and
- **financial Merit Criteria** – including competitive cost and limited cost exposure, high Wholesale Market Benefits, high Reliability Contribution, and high System Security Contribution.

The successful Bids had minimal or no departure from the pro-forma risk allocation.

MC2 – *Project Deliverability and Timeline* was a key focus of assessment, as indicated by the higher weighting in this Tender. As a result, higher merit Projects generally scored well on MC2. These Projects demonstrated that they were further progressed toward securing required approvals, land access and grid connection arrangements. This provided increased confidence in their ability to achieve a Commercial Operation Date (COD) prior to the end of November 2027 and to deliver the reliability outcomes targeted by this Tender.

The Consumer Trustee uses its assessment against the Merit Criteria as a key input to its decision-making process, while retaining discretion to utilise strategic considerations and due diligence findings to decide which Bids to recommend to the SFV.

Under the provisions of the EII Act, the Consumer Trustee may only recommend a Bid where it considers that the recommendation would be in the long-term financial interests of NSW electricity customers (having regard to the assessment as a whole) and complies with the relevant statutory requirements and duties.

Assessment against MC1 'Financial Value and System Benefits'

This section provides insights into the assessment of Merit Criteria 1 (**MC1**).

Appendix 1 – Characteristics of high performing Bids outlines some insights from the MC1 assessment of Firming LTESA Bids in Tender 7 and key characteristics of successful Bids (noting that it does not represent an exhaustive consideration of financial value).

MC1 is designed to assess the financial value of a Project and Bid through:

- **the Project's potential to reduce modelled unserved energy in NSW ('Reliability Contribution');**
- **the Project's impact on reducing wholesale electricity market costs in NSW ('Wholesale Market Benefits');**
- **a Bid's forecast LTESA cost ('Net LTESA Cost'); and**
- **the Project's system strength contribution and system security services ('System Security Contribution').**

Maximum Liability was also considered in assessment. This was forecast by assuming the full Annuity Cap is paid in all Annuity Periods.

Projects were scored using the Benefit-Cost Ratio (Wholesale Market Benefits divided by Net LTESA Cost), Reliability Contribution and System Security Contribution metrics. The MC1 methodology was comprehensively outlined in the MC1 Market Briefing Note.

The successful Projects were assessed as being capable of providing a high reliability benefit to NSW on account of being well-located and having sufficient energy durations, and represent good value propositions for NSW electricity customers with benefits exceeding Net LTESA costs.

Reliability Contribution was modelled over Reliability Scenarios that were designed to reward Projects that contribute the most to reducing reliability risks in different horizons during the energy transition. Reliability Scenarios included a near-term scenario with a focus on average USE reduction, and a long-term scenario with a focus on reliability risks in the longer-term horizon when coal generators in NSW are retired but focused on a single historical weather year where low VRE generation contributes most to unserved energy.

Wholesale Market Benefits and Net LTESA costs were modelled over several electricity market scenarios which were designed to reflect varying levels of volatility. Certain modelling levers, such as the use of more

extreme demand profiles or thermal outage rates, are used to drive different volatility outcomes with different supply adequacy and risks of unserved energy events.

Outcomes vary across scenarios. For example, in high-volatility scenarios, a Project's forecast revenues are higher which can reduce Net LTESA Costs, and there is generally ample opportunity for a Project to suppress high prices and provide Wholesale Market Benefits, particularly for Projects of longer durations and in strong network locations. In low-volatility scenarios, revenues are lower, Net LTESA costs are higher, and there is less opportunity to provide Wholesale Market Benefits.

Projects were considered higher merit in MC1 where they could reasonably demonstrate the potential to:

- **contribute to reliability needs by connecting to locations with higher locational reliability factors and having longer energy durations;**
- **provide high Wholesale Market Benefits by having a strong network location, longer durations, and by having expected operational behaviour that made them responsive to the needs of the market particularly during times of system stress;**
- **contribute to improved system strength through grid-forming inverter capabilities or an ability to operate as a synchronous unit with quantified increase to fault levels and provision of inertia; and**
- **provide essential system services including network service capabilities including frequency control, voltage control and system restart ancillary services.**

The categories above were considered alongside Net LTESA Cost outcomes to identify cost-effective Bids that can offer a broad set of benefits.

LTESA Cost Metrics

Successful Projects structured their bids in a way that was forecast to lower the potential Net LTESA Cost outcomes for NSW electricity customers.

There is significant flexibility embedded in the Firming LTESA which balances providing support to Proponents while unlocking value for NSW electricity customers. This includes reducing the contract term of an LTESA below the maximum allowed, excluding potential support in certain years and varying bid prices by option period. This flexibility was used across several high performing Bids in MC1.

As outlined in previous market briefing notes, the Annuity Cap is the key pricing variable, and a competitively bid Annuity Cap minimises both Net LTESA Cost and Maximum Liability. Successful Proponents set their Annuity Caps below their Net Revenue Thresholds, indicating they are accepting some market revenue risk.

The Firming LTESAs offered in Tender 7 had an increased maximum contract term of 15 years, compared with 10 in Tender 2, and included amended performance obligations which may have encouraged more competitive bidding behaviour.

The successful Bids' MWh-weighted average Equivalent Annuity Cap and Equivalent Annual Annuity are at least 50% lower in $/MWh/year than those published in the Tender 2 Outcomes.

The Average Equivalent Annuity Cap and Average Equivalent Annual Annuity are not provided for Tender 7 given the ability for price inference between the two Proponents.

Average Equivalent Annuity Cap – is a representative value used for communicating bid prices and how these change between Tenders. This value is representative of a bid price and not a cost outcome under an LTESA. The equivalent price is calculated under default-only LTESA terms; in this case as if it were a single bid price, in nominal dollars not subject to escalation, and with no excluded periods. It considers the maximum allowable contract term for a given technology rather than any reduced term. For example, if two BESS Bids had the same value of Annuity Cap but one had bid for only 10 Annuity Periods rather than 15, then this would cause the calculated Equivalent Annuity Cap of the Bid with the shorter term to be lower.

Average Equivalent Annual Annuity – is a representative value used for communicating potential costs of an LTESA over the Project's operational life but not considering the potential Wholesale Market Benefits of the related Project.

As they are on a per year-basis, these Metrics are useful when comparing Projects with different LTESA terms and operational lifetimes.

The Equivalent Annual Annuity is generally not comparable across Tenders as it depends on electricity price forecast assumptions, which themselves may change between Tenders. As the Annuity Cap sets the upper bound for LTESA payments, the Equivalent Annual Annuity will always be below or equal to the Equivalent Annuity Cap.

Appendix 1 – Characteristics of high performing Bids in MC1

Key	Outcomes
Benefit-Cost Ratio	Having a high BCR relative to other Projects was a strong indicator for high score in MC1. A high BCR could be driven by high Wholesale Market Benefits (driven by good location, longer duration, or longer asset life) and low Net LTESA Cost (driven by low Annuity Cap, low Net Revenue Threshold, excluding periods or reducing contract term, and higher forecast Net Operational Revenues). All successful Bids in this tender were forecast to have Wholesale Market Benefits that exceed their Net LTESA Cost.
Reliability Contribution	Network location is a key driver of Wholesale Market Benefits and System Benefits and can be more important than additional storage duration for a Project. Being well located in a strong part of the network is expected to allow a Project's dispatch to flow to load centres, particularly during periods of highest need. Projects located in less constrained parts of the network during modelled unserved energy events were shown to score favourably on Reliability Contribution compared with those near congested flow paths. Projects with a storage duration of 4 hours were assessed favourably. Additional storage was modelled to provide higher absolute Wholesale Market Benefits to NSW electricity customers and increase Benefits for a Project, all else being equal. It is expected that Projects with higher Reliability Contribution would generally also have a higher EST contribution. Projects are expected to have higher contribution towards the EST if they are located in the SNW subregion and have longer durations.
System Strength Contribution	Technologies with a lower withstand short circuit ratio and higher fault current contribution, potentially enabled by grid-forming capabilities, could be more competitive as they can minimise potential system strength remediation costs while maximising system strength benefits. The assessment generally rewarded Projects for being closer to system strength nodes and being synchronous (followed by using grid-forming inverters and finally grid-following inverters).
System Security Services	The number of system services that a Project was assessed to be capable of providing was generally higher for Projects that had a flexible technology type (e.g. grid-forming BESS), higher Project capacity and that will connect to the transmission network.
Bid Prices	The following features were assessed favourably where they led to a low Net LTESA Cost and Maximum Liability, and reduced costs to the SFV: • Low Bid Prices (primarily low Annuity Cap and secondarily a low Net Revenue Threshold). • Excluded multiple Annuity Periods or bid a reduced Contract Term. Competitive Bids had a low Annuity Cap and a low Net Revenue Threshold, with Annuity Cap having higher impact on MC1 assessment outcomes.
Earlier COD	An earlier COD (which is assessed for credibility under MC2) was assessed favourably where higher levels of market-price volatility could allow the Project to earn higher forecast Net Operational Revenues and provide more Wholesale Market Benefit through higher opportunity to suppress wholesale market costs. Higher Net Operational Revenues in earlier years put downward pressure on LTESA payments to the Project.

Appendix 2 – Key definitions

Term	Definition
Annuity Cap	Annuity Cap is a bid variable. It sets the maximum annuity that may be paid by the SFV to the LTES Operation in a Financial Year of an Annuity Period. Annuity Cap is an important input in modelling of Net LTESA Cost but is not considered in isolation to determine the Financial Value of a Bid.
Net Revenue Threshold	The Net Revenue Threshold is a bid variable. As a Project's Net Operational Revenue increases toward the Net Revenue Threshold, the annuity payment from SFV reduces below the Annuity Cap. If Net Operational Revenue exceeds the Net Revenue Threshold, a 50% revenue sharing percentage applies and a repayment to the SFV may apply. Repayments are capped at Historical Net Payments. A lower Net Revenue Threshold may reduce the Net LTESA Cost, all else being equal, but it had a lesser impact on Net LTESA Cost than minimising an Annuity Cap.
Annuity Period	A period of one Financial Year in which a Firming LTESA annuity product is available.
Bid variables	Inputs as defined in the Tender Guidelines (see Glossary and Table 3 of Tender Guidelines) and provided by a Proponent in the MC1 Returnable Schedule. Includes Annuity Cap, Net Revenue Threshold, Contract Term and excluded periods.
Net LTESA Cost	The net present value of forecast costs that may be incurred by the SFV for an LTESA, weighted across a range of future potential scenarios.
Maximum Liability	Equal to the sum of the full Annuity Cap being paid in every Annuity Period over the Contract Term.
Net Operational Revenue	Intended to cover all revenue streams for the Project that are received by the LTES Operator, netted off against permitted costs. This would include gross revenue generated through the wholesale energy market, ancillary markets, network support, any future emerging markets and any other eligible contracts, minus certain costs including the cost of purchasing energy to generate these revenues.

See the Tender Guidelines or Proforma LTESA, available on the ASL website, for any definitions that are not included in this glossary.

Appendix 3 – Merit Criteria Weightings

The below table shows the Merit Criteria weightings applicable to Tender 7.

Merit Criteria	Weighting
MC1 – Financial Value and System Benefits	40%
MC2 – Project Deliverability and Timeline	30%
MC3 – Organisational, Resource and Financing capability	10%
MC4 – Social Value	15%
MC5 – Reduction in scope 1 emissions of greenhouse gases	5%

ASL