

# NSW Electricity Infrastructure Tenders

## Market brief on NSW Tender Round 7 – Firming Infrastructure

**NSW Tender Round 7 will seek bids for firming infrastructure projects capable of supporting reliability in the Sydney-Newcastle-Wollongong sub-region by the summer of 2027-28.**

### Purpose

This market brief provides information to support potential proponents ahead of the upcoming NSW Tender Round 7 (NSW T7 or the Tender) for firming infrastructure.

The information contained in this market brief is indicative only. Full details, including the eligibility and merit criteria, will be published in the Tender Guidelines and proforma Long-Term Energy Service Agreements (LTESAs) at the commencement of the Tender.

### Context

The NSW Minister for Climate Change and Energy has directed ASL, as the Consumer Trustee, to conduct a 500 MW tender for firming infrastructure.

The direction is the result of a forecast shortfall for the summer of 2027-28 identified in the 2024 Energy Security Target Monitor (ESTM) report<sup>1</sup>.

The tender will seek bids for firming infrastructure that can supply additional capacity to the grid or reduce load at short notice. Projects capable of supporting reliability in the Sydney-Newcastle-Wollongong sub-region during periods of peak demand will be prioritised. Examples of such projects include batteries (including aggregated portfolios of smaller batteries), gas generation and demand response projects.

### Tender process & timing

NSW T7 will be the second NSW tender to offer Firming Supply LTESAs and Demand Response LTESAs and the first NSW Roadmap tender to be run in a single stage process.

### Single stage process

A single stage bidding process will be implemented for this Tender. This is designed to reduce the tender duration, ensuring successful projects are awarded LTESAs sooner.

The single stage process will require proponents to submit a full bid, including a binding financial bid, in a single submission. Proponents will be provided an eight-week period to prepare bids. Once bids are received, ASL will undertake a full eligibility and merit assessment and due diligence. Successful bids will ultimately be recommended to the Scheme Financial Vehicle (SFV) for the award of an LTESA.

### Timing

Tender Guidelines will be published at the commencement of the tender in October 2025.

**Table 1: Key indicative dates<sup>2</sup>**

Project registration and bid commencement	Early October 2025
Registration closing date	Late October 2025
Bid closing date	Late November 2025
Announce successful bids	April/May 2026

### Q&A process

An online question-and-answer (Q&A) period will open at the commencement of the tender and is expected to close seven business days before the bid closing date.

<sup>1</sup> <https://www.energy.nsw.gov.au/sites/default/files/2024-12/NSW-ESTM-report-2024-1.pdf>

<sup>2</sup> Dates are indicative only. Further information will be published in the Tender Guidelines.

## Key tender considerations

### Location and project size

The tender will be open to projects in NSW, with priority given to projects within the Sydney-Newcastle-Wollongong (SNW) sub-region.

In addition to projects located within the SNW sub-region, projects located in areas with relatively high locational reliability factors in NSW in the near-term, as described in Attachment 1, are also expected to perform well in the assessment.

Projects must have a minimum capacity of 5 MW AC, which may be met by aggregating smaller units which can be connected to the distribution network. This must be considered alongside the requirement from the EII Act for firming infrastructure to be capable of being scheduled by AEMO in the central dispatch process under the National Electricity Rules.

Projects must also be able to dispatch continuously at their maximum for a minimum duration of approximately two (2) hours. For Demand Response, the maximum responsive component would need to be capable of continuously dispatching for a minimum of 2 hours.

Projects above the indicative tender size of 500 MW may participate in NSW T7 as this is a derated capacity. Refer to Table 1 in Attachment 1 for further information on duration derating factors.

### Commercial operations date

In line with the requirement to conduct this tender, projects should demonstrate a credible pathway to achieving their commercial operations date (COD) prior to November 2027. Projects with an earlier target COD and a credible pathway to achieve this date, will be considered higher merit.

### Tender size

The indicative tender size for this Tender is **500 MW<sup>3</sup>**. This is based on the de-rated portfolio capacity. As an illustrative example: if all awarded projects had a derating factor of 0.8 when considering the EST, the Consumer Trustee would need to award to 625MW of projects to achieve the tender target.

Projects that were existing, anticipated or committed as per the [July 2025 AEMO Generation Information](#) page will not be considered additional towards the EST in the tender assessment.

### Hybrid projects

Hybrid projects are co-located generation and dispatchable assets that share a common measurement point.

Hybrid projects may participate in this Tender. Proponents can submit either an assessed or non-assessed hybrid project. An assessed hybrid bid means that the generation asset associated with the dispatchable asset will be included in the assessment of the bid and the proponent will be contractually required to deliver both assets by November 2027.

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<sup>3</sup> The tender size is indicative only and will be confirmed in the Tender Guidelines. The Consumer Trustee may select a greater or lesser volume than the target, subject to the merit of bids.

## Key changes from previous tenders

### Tender rules

On 22 August 2025, ASL gazetted an updated version of the Tender Rules.

The Tender Rules provide a framework for prospective proponents on the structure and design of the Tender Rounds. Updates include, but are not limited to:

- providing the flexibility to run a single-stage tender process;
- amendments to the eligibility criteria to accommodate specific technologies and distributed projects such as aggregated portfolios; and
- amendments to the NSW Electricity Infrastructure Investment Regulation, relating to the assessment of firming and long-duration storage projects.

The Tender Rules can be found on ASL's [website](#).

### Merit criteria

The merit criteria (MC) have been streamlined to accommodate a single stage process, whilst retaining the current assessment rigour.

The Consumer Trustee may modify or disapply aspects of the assessment considerations, the merit assessment process or particular Merit Criteria in the Tender Guidelines for a technology type or Product if it considers it impractical or not appropriate to apply to that technology type or Product, to the extent that doing so is not inconsistent with the EII Act or EII Regulation. If this occurs, the Tender Guidelines will set out the modification or disapplication to apply.

### Commercial departures

Commercial departures will be considered as part of the bid assessment.

Bids should only include departures from the proforma Project Documents that are strictly necessary for the unique commercial or technical requirements of the Project.

**Table 2: NSW T7 Merit Criteria**

MC & Weighting (%)		Objective
MC1 (40%)	<b>Financial value and system benefits</b>	Assess a range of costs under the LTESA and the Project's market and system benefits. Benefits include a Projects' contribution to system reliability in NSW, expected contribution towards the Energy Security Target, its impact on wholesale electricity prices, and its expected system security benefits. Costs include the Project's expected and potential costs to NSW electricity customers under its LTESA.
MC2 (30%)	<b>Project deliverability and timeline</b>	Assess the Project's development progress and credibility of forward plans to deliver the Project by November 2027.
MC3 (10%)	<b>Organisational, resource, and financing capability</b>	Assess whether the Proponent and its key subcontractors involved in the Project can demonstrate a strong track record, organisational maturity, resources, and financing strategy to deliver the project by November 2027.
MC4 (15%)	<b>Social value</b>	Assess the quality of the Proponent's approach and strength of binding commitments to improve regional economic development and support social value benefit realisation through; local supply chain development, employment and workforce development, First Nations participation and shared community benefits.
MC5 (5%)	<b>Reduction in scope 1 emissions of greenhouse gas</b>	Assess the extent to which the Project contributes to a reduction in scope 1 emissions of greenhouse gas in the NSW electricity sector during Project operations. Under the EII Regulation, for energy storage Projects charging from the NEM, the firming infrastructure emissions intensity is taken to be zero.

## Key bid variables & commercial terms

Proforma Project Documents will be released following tender commencement. Proponents can refer to the previous [NSW T2 Proforma Project Documents](#) on the ASL website for reference for the anticipated form of the Project Documents, noting the updated performance obligations for firming supply and demand response LTESAs that will be reflected in the NSW T7 Project Documents (outlined below).

Proponents are required to nominate bid variables for their project. These are assessed under MC1 – Financial value and system benefits and form the terms of support under an LTESA. Key bid variables and commercial terms include:

**Table 3: Key bid variables and commercial terms**

Key terms	Description
<b>Bid variables</b>	
<b>Contract term</b>	The period over which options to enter annuity periods are available under the LTESA, commencing after the first option date. The permitted value for this bid variable is up to a maximum of 15 years, which has been increased from 10 years available in NSW Tender Round 2.
<b>Annuity Cap</b>	The annuity amount bid (in \$/year) in a Tender Round process, being the maximum amount payable in any year under an LTESA.
<b>Net Revenue Threshold</b>	The net revenue threshold bid (in \$/year), which determines applied provisions for annuity payment and repayment mechanism.
<b>Commercial Operations Date</b>	The target date for the Operator to achieve commercial operations for the Project.
<b>Excluded periods</b>	Financial Years during Contract term where the Operator commits to not exercise its option in respect of the Annuity Product.
<b>Other key commercial terms</b>	
<b>Net operational revenue</b>	Intended to cover all revenue streams for the Project that the LTES Operator receives, netted off against permitted costs. This would include, but not limited to, gross revenue generated through the wholesale energy market, ancillary markets, system services, any future emerging markets and any other offtake contracts, minus certain costs, including the cost of purchasing energy to generate these revenues (where applicable).
<b>Exercise notice period</b>	Notice of exercise of an option must be provided at least 6 months, but not more than 12 months, before the beginning of an Annuity Period.
<b>LTESA annuity payment calculation</b>	The annuity payments are calculated such that it equals the lesser of the: <ul style="list-style-type: none"> <li>Annuity Cap, or</li> <li>Annuity Cap – 75% × (Net Operational Revenues – (Net Revenue Threshold – Annuity Cap)).</li> </ul>
<b>Repayment mechanism</b>	The repayment mechanism applies when the LTES Operator’s Net Operational Revenue exceeds its Net Revenue Threshold. The maximum an LTES Operator can be asked to repay is 100% of Historical Net Payments from SFV to LTES Operator. The repayment mechanism works as follows: <ul style="list-style-type: none"> <li>Repayment applies to the amount of net operational revenue that exceeds the Net Revenue Threshold.</li> <li>A fixed annual revenue sharing percentage of 50% applies to the repayment calculation.</li> </ul>
<b>Offset requirements</b>	LTES Operators that generate scope 1 emissions of greenhouse gas in NSW are required under legislation to procure and surrender offsets. Under the EII Regulation, for energy storage Projects charging from the NEM, the firming infrastructure emissions intensity is taken to be zero.

## Performance obligations

The Firming LTESA for this Tender will include updated performance obligations that are expected to drive more competitive bids. The risk allocation is considered to be balanced for projects which are being supported under an LTESA to contribute to the system during times of highest need. A summary of the performance obligations is provided below, with differences to NSW Tender Round 2 (NSW T2) noted where applicable.

**Table 4: Performance obligations**

Obligation	Description
<b>Performance Event</b>	<p><b>Supply:</b> Expanded to also include Actual LOR 2 events in addition to LOR3 events.</p> <p><b>Demand Response:</b> Actual LOR 2 or 3 events.</p>
<b>Performance Requirement</b>	<p><b>Supply:</b> Bid an average of at least 50% of capacity into a performance event for a cumulative duration of the Minimum Hours (as bid by Proponent) or until event is completed or cancelled.</p> <p><b>Demand Response:</b> Bid an average of the Guaranteed Capacity during a performance event.</p> <p>Reporting obligations on performance during performance events may also apply.</p>
<b>Minimum Notice Period</b>	<p><b>Supply:</b> Increased to 6 hours minimum notice period from time of forecast notice. Previously in NSW T2, no minimum notice period.</p> <p><b>Demand Response:</b> As above, but also relief from subsequent Performance Events occurring within 24 hours. Previously in NSW T2, minimum notice period of 4 hours.</p> <p>Where there is performance event with notice being shorter than the minimum notice period, the LTES Operator is expected to have a best-endeavours obligation to be available and bid their maximum available capacity during the event.</p>
<b>Consequence for failure to comply</b>	<p><b>If minimum Notice Period is provided:</b> Financial rebate applies.</p> <p><b>Otherwise:</b> Best endeavours to comply, and reporting obligation.</p> <p>Previously in NSW T2, financial consequences through rebate applied.</p>
<b>Maximum Performance Rebate</b>	<p><b>Firming:</b> Reduced to 10% per individual event and 25% per annum. Previously in NSW T2, 50% per event and 100% per annum.</p> <p><b>Demand Response:</b> 120% per event and per annum.</p> <p>For both types, this is based on average performance across events within a financial year which encourages a Project to outperform its requirements in events to correct for any underperformance in an individual event.</p>

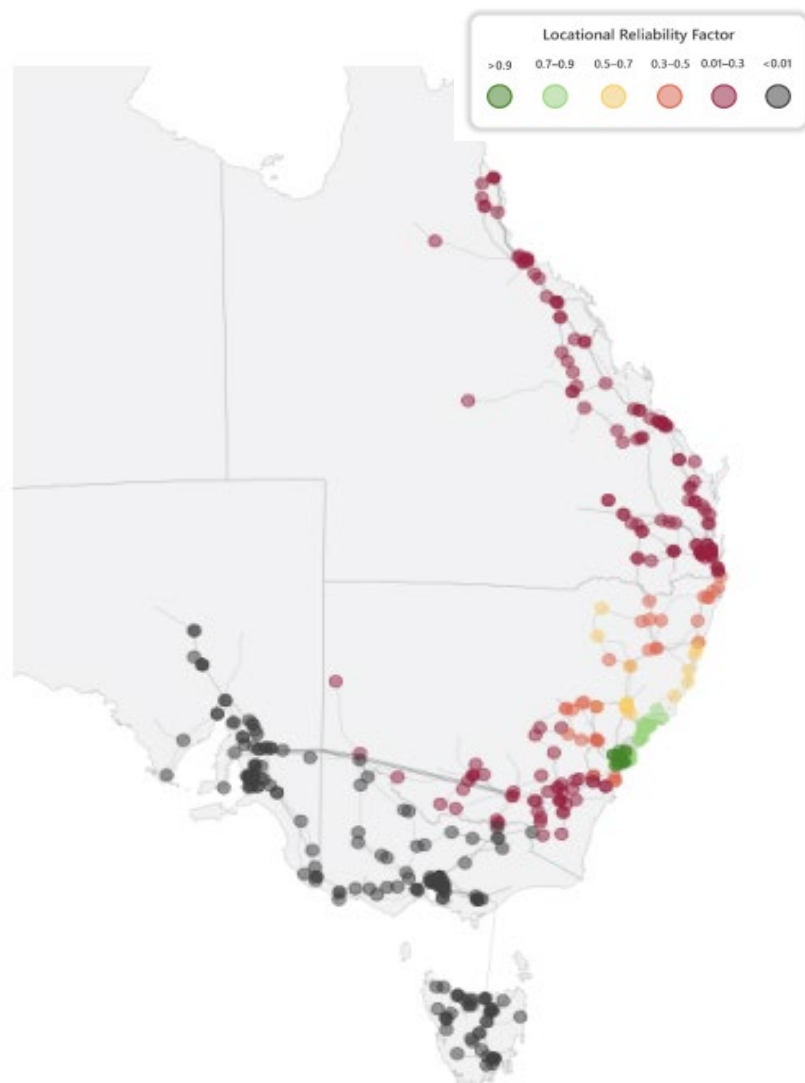
## More information

For further information on NSW tenders please visit the [ASL website](#) or contact us at [tender7@aemoservices.com.au](mailto:tender7@aemoservices.com.au) to request a meeting before the opening of the tender.

## Attachment 1:

Figure 43 (map on left) of AEMO’s 2025 Enhanced Locational Information Report<sup>4</sup>

### Locational reliability factors for NSW USE for the near-term operating conditions



**Table 1: Duration derating factors**

In line with looking at EST impacts, EST calculations derating factors are proposed to be used to better reflect the likely availability of short duration storage units during periods of New South Wales maximum demand. The factors proposed to be used are listed below and help identify how much storage from project is able to dispatch at the time of maximum demand.

Battery duration	2025 value
1	14%
2	43%
4	85%
6	98%
8	100%

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This publication has been prepared using information available at 5 September 2025 and does not include any changes since the date of publication.

<sup>4</sup> [https://www.aemo.com.au/-/media/files/electricity/nem/planning\\_and\\_forecasting/enhanced-locational-information/2025/2025-enhanced-locational-information-report.pdf](https://www.aemo.com.au/-/media/files/electricity/nem/planning_and_forecasting/enhanced-locational-information/2025/2025-enhanced-locational-information-report.pdf)