

# ACT RENEWABLE ENERGY REVERSE AUCTION

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Legal Briefings - By **Gerard Pike and Luke Kavanagh**

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Following on from the four reverse auctions held between 2012 to 2016, the ACT Government has announced a new renewable energy reverse auction (the **Reverse Auction**) to “safeguard the delivery of sourcing 100% renewable electricity by 2020 from within the ACT or across the National Electricity Market”.

On 8 November 2019, the Minister for Climate Change (the **Minister**) determined that up to 250 MW of the ACT Large-scale Feed-in Tariff Scheme would be made available through a competitive process. The successful proponent(s) will be awarded with a 10 or 14 year Feed-in Tariff (**FiT**) entitlement to provide up to 100 megawatts (**MW**) of wind equivalent capacity (**WEC**).

The Request for Proposal (**RFP**) is being driven by the ACT Environment, Planning and Sustainable Development Directorate (the **Directorate**).

## DEADLINE

Proponents will be able to enter their bids to the Advisory Panel from 15 November 2019 and the Reverse Auction will remain open until 4:00pm (AEDT) on 7 February 2020.

On 10 February 2020, proponents will be able to rebid a lower FiT price to increase the likelihood of their bid being accepted. This period will end at the discretion of the ACT Government once no further significant rebidding is anticipated. To enable proponents to make an informed decision as to whether they wish to rebid, the ACT Government will publish pricing guidelines.

It is anticipated that the successful proponents will be announced in May or June 2020.

## WHO IS ELIGIBLE?

The Reverse Auction is open to any renewable generation type (i.e. solar, wind, hydro, wave or geothermal). For a proposal to be considered, the proponent must:

1. have a generation capacity of no less than 20 MW of WEC and no more than 100 MW of FiT supported WEC;
2. have a generating system that is connected to the interconnected national electricity system;
3. provide the ACT Government with the large-scale generation certificates generated by the generating system for a period of 10 or 14 years following a Grant of Entitlement;
4. deliver 0.1 MW (100 kW), 0.2 MWh (200 kWh) of grid connected battery storage for each MW of WEC delivered by their FiT supported generator;
5. submit a new (greenfields) generation proposal only;
6. if successful, make a financial contribution (an **Industry Development Contribution**) of \$83,000 per MW of WEC for a 10 year FiT entitlement period and \$116,000 per MW for a 14 year FiT entitlement period to support the ACT renewable energy industry; and
7. contribute and engage with the ACT's local renewable energy industry and be assessed on their local community engagement plan.

At least two proponents will be accepted for this project and any combination of generation may be accepted to deliver up to 200 MW of WEC (which equates to 250 MW of solar PV) over the course of a year (i.e. 100MW of wind 125MW of solar PV).

The Reverse Auction is not open to proponents who have commenced installation of renewable energy equipment (i.e. installing wind turbines) or proponents who have taken steps in preparation for construction (i.e. excavation in preparation to construct a wind turbine).

## BATTERY COMPONENT

Successful bidders will be required to deliver 100 Kw / 200Kwh of grid connected battery per MW of WEC of their FiT supported generator. The battery must be constructed in the ACT and be in-front-of-the-meter with no FiT offered for the battery's output. Bidders are encouraged to consider battery storage arrangements that deliver benefits to the ACT grid and local stakeholders. The battery and generator may have different completion dates and each will be assessed separately under the delivery risk criteria (as described below).

The battery needs to be owned by the single legal entity making the proposal, however the proponent may contract a separate company to build, operate and/or receive the revenue from the battery. The proponent cannot transfer ownership of the battery until both the battery and generator are complete.

## EVALUATION OF PROPOSALS

Proponents will have their proposals reviewed by an Advisory Panel that is informed by expert analysis undertaken by technical and financial consultants. The Secretariat of the Directorate will facilitate the process. Upon receiving a recommendation from the Advisory Panel and the Directorate, the Minister will decide which proposal is considered to be “value for money” when assessed against the evaluation criteria.

Unlike previous auctions, proponents will be assessed against “the degree of integration with the ACT renewable energy ecosystem”. This criterion will be assessed on:

- opening or expanding ACT offices;
- the use of ACT supply chains; and
- collaboration with ACT industry and tertiary institutions, data sharing and other opportunities.

Proponents will be evaluated against a range of criteria and weightings as described below.

Evaluation	Weighting	Key Factors
Financial Assessment	65%	Assessment will be based upon the amount of financial support required through the requested FiT. Proposals with lower FiT prices will be favourably considered.
Delivery Risk	20%	Proposals that are at an advanced stage of preparation and low completion risk will be favoured. The Development Approval and financing of each proposal are expected to be at an advanced stage.
Local Community Engagement	7.5%	The Territory has a strong interest in promoting community engagement by renewable energy industries to deliver positive outcomes and community benefits.
ACT Industry Engagement	7.5%	Proponents are required to demonstrate how their proposals and businesses will engage with the ACT renewable energy industry e.g. deliver benefits to local businesses and stimulate productive research partnerships.

## COMMUNITY SUPPORT AND ENGAGEMENT

The ACT Government has emphasised the importance of promoting community engagement processes and outcomes for proponents. To deliver their proposals, proponents should consider:

1. the Clean Energy Council's 'Community Engagement Guidelines for the Australian wind industry'; and
2. the Australian Renewable Energy Agency's 'Establishing the social licence to operate large-scale solar facilities in Australia: insights from social research for industry'.

## **NEXT STEPS**

The Reverse Auction opened for bids on 15 November 2019. Complete auction documentation, including a request for proposal and a draft deed of FiT entitlement, is now available.

Proponents can register for more information about the Reverse Auction and relevant document by emailing [energypolicy@act.gov.au](mailto:energypolicy@act.gov.au).

## **HERBERT SMITH FREEHILLS CAN ASSIST**

Herbert Smith Freehills' market-leading renewables team has acted for successful bidders or their financiers on each of the previous four reverse auction processes in the ACT.

For further information or assistance in navigating the RFP process contact Herbert Smith Freehills.

*\*\*Note: the information contained in this article is derived directly from the RFP documentation as amended and released on 26 November 2019 by the ACT Government. The reader is encouraged to consult the RFP documentation to supplement the information contained within this summary.\*\**

## **KEY CONTACTS**

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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