Commitment Criteria

August 26th FRG meeting

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Agenda

Today is a discussion on commitment criteria used by industry and AEMO publications, including the ESOO and ISP

Agenda includes:

- Background
- Current criteria
- Discussion on alternate criteria
- Next steps

Background – Generation Information

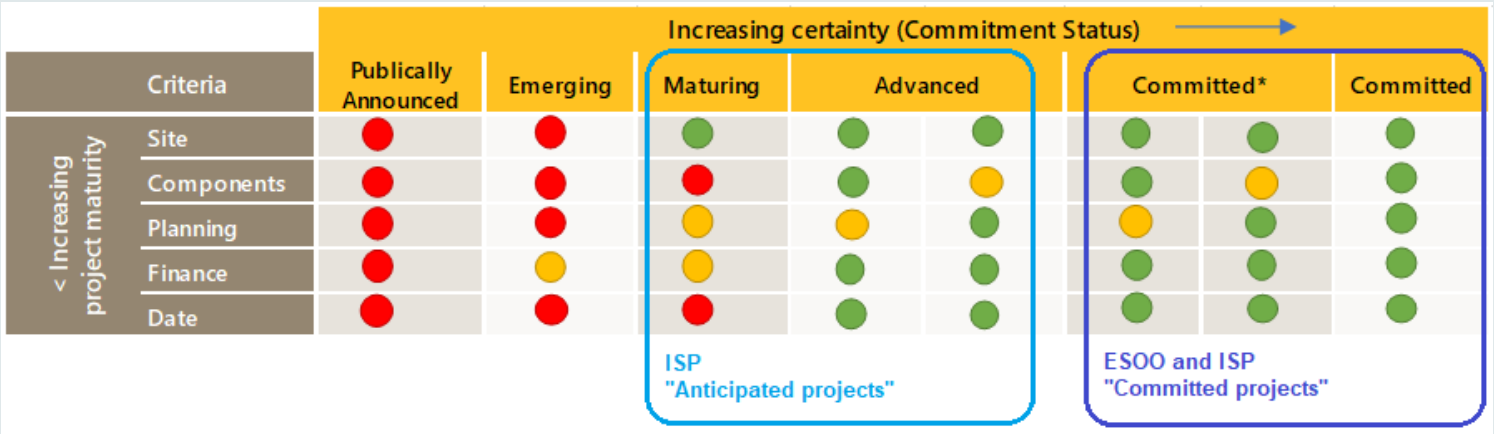
- Not all publicly announced generation projects progress to actually being commissioned in the NEM.
- Hence the rigour around classification for generation modelling, with an acceptable degree of likelihood.
- ESOO information includes Generator Survey Project Commitment Criteria (PCC) answers (NER 3.13.3A).
- To assess whether generation projects are "Committed", AEMO uses a "traffic light" system based on PCC answers.

		Increasing certainty (Commitment Status) →							
	Criteria	Publically Announced	Emerging	Maturing	Advanced		Committed*		Committed
< Increasing project maturity	Site	🔴	🔴	🟢	🟢	🟢	🟢	🟢	🟢
	Components	🔴	🔴	🔴	🟢	🟡	🟢	🟡	🟢
	Planning	🔴	🔴	🟡	🟡	🟢	🟡	🟢	🟢
	Finance	🔴	🟡	🟡	🟢	🟢	🟢	🟢	🟢
	Date	🔴	🔴	🔴	🟢	🟢	🟢	🟢	🟢

"Committed*" are projects that qualify as "Advanced" and where construction or installation has also commenced.

Background – Anticipated vs Committed

- The ISP and ESOO includes different stages of project commitment.
  - The ESOO only includes "Committed" and "Committed*" projects
  - The ISP additionally considers "Anticipated projects" in all modelling, including counterfactual modelling.
- From the Draft Cost Benefit Analysis Guidelines* to make the ISP actionable (consistent with the RIT-T) "Anticipated projects" are not yet Committed but are "in the process of meeting at least three of the [Generation Information Project Commitment] criteria".
  - "Anticipated projects" include projects in the Maturing and Advanced categories



* Draft CBA guidelines: https://www.aer.gov.au/networks-pipelines/guidelines-schemes-models-reviews/guidelines-to-make-the-integrated-system-plan-actionable

Existing criteria for Anticipated Projects

- To qualify for Anticipated Project status, 3 of the following 5 criteria for "Committed" projects must show progression:
  - the proponent has **obtained all required planning consents, construction approvals and licenses**, including completion and acceptance of any necessary **environmental impact statement**;
  - **construction has either commenced or a firm commencement date has been set**;
  - the proponent has **purchased/settled/acquired land** (or commenced legal proceedings to acquire land) **for the purposes of construction**;
  - **contracts for supply and construction of the major components** of the necessary plant and equipment (such as generators, turbines, boilers, transmission towers, conductors, terminal station equipment) **have been finalised and executed**, including any provisions for cancellation payments, and
  - the necessary **financing arrangements**, including any debt plans, **have been finalised and contracts executed**.

FRG suggestions on demonstrating progress

- Possible specific considerations to demonstrate "progression":
  - Connection Agreement approval with the Network Service Provider?
  - Expression of Interest / submissions to Government procurement activities?
  - Capacity auctions or funding grants – success or failure?
  - Update frequency of submissions to AEMO? e.g. receipt of new or confirmed information via Generation Information survey or KCI at least every *X* months.
  - Commissioning date(s) provided? e.g. full commercial use date from survey and/or commissioning start date from KCI.
  - Other?

-> DISCUSS: which of the above would assist in demonstrating progression of the five criteria (www.sli.do interaction)

-> DISCUSS: would the FRG consider that project classification ("Commitment Status") using the existing criteria, protects confidential information sufficiently? (www.sli.do interaction)

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