



Call for Expressions of Interest - Victorian System Strength Project – Stage 2

Services Victorian System Strength remediation – Red Cliffs

AEMO contact Systemstrengthvic2@aemo.com.au

Closing date 5:00 pm (Melbourne time) 7 October 2020

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SECTION A: INTRODUCTION

A.1 Background

The Australian Energy Market Operator Limited (AEMO) is the independent organisation responsible for operating eastern, south-eastern and western energy markets and systems in accordance with the National Electricity Rules, Wholesale Electricity Market Rules, National Gas Rules and Gas Services Information Rules. Its functions include:

- market and system operator of the National Electricity Market (NEM) across eastern and south-eastern Australia;
- market and system operator of the Wholesale Electricity Market and South West Interconnected System in Western Australia;
- market and system operator of the Victorian Declared Wholesale Gas Market;
- operator of the short-term trading market (wholesale) for gas hubs in Sydney, Adelaide and Brisbane, the Wallumbilla gas supply hub (wholesale), and the Moomba Gas Supply Hub in South Australia;
- market operator of a number of retail gas markets in eastern and southern Australia;
- national transmission planning for the NEM; and,
- planning, authorising, contracting for and directing augmentation of the Declared Shared Network (transmission) for Victoria.

With its broad national focus for the future, AEMO's objectives are to promote efficient investment in and operation of Australia's electricity and gas services in the long-term interests of consumers with respect to price, quality, safety, reliability and security of energy supply.

A.2 This Project

On 13 December 2019, AEMO published a notice of *fault level shortfall*¹ at the *fault level node* in Red Cliffs Victoria (Red Cliffs) under clause 5.20C.2(c) of the National Electricity Rules (NER). On 6 August 2020, AEMO published a notice of change to *system strength requirements* and *fault level shortfall* at Red Cliffs², which revised the *fault level shortfall* due to updated projections of available fault levels at Red Cliffs. The post-contingency minimum fault level requirement at the Red Cliffs *fault level node* in Victoria is 1,000 MVA, subject to operating conditions. A *fault level shortfall* (hereafter referred to as System Strength Gap) exists of at least 66 MVA which would continue beyond 2024-25 if not addressed.

As the *System Strength Service Provider* for Victoria under the NER, AEMO has progressed remediation of this System Strength Gap in two stages – an immediate interim system strength solution using existing providers, and a longer-term solution with a broader scope to include potential network and non-network options. The first stage comprised AEMO securing *system strength services* under fixed *system strength services agreements* from two existing facilities in the Red Cliffs area to meet the *system strength requirements* from August 2020.

AEMO is now seeking to procure a longer-term system strength solution to address the System Strength Gap at Red Cliffs. The solution may be located at one or multiple locations in north-western Victoria or south-western New South Wales. The solution should be in service by 31 July 2022, or a later date up to 31 July 2023 as agreed by AEMO.

¹ https://aemo.com.au/-/media/Files/Electricity/NEM/Security_and_Reliability/System-Security-Market-Frameworks-Review/2019/Notice_of_Victorian_Fault_Level_Shortfall_at_Red_Cliffs.pdf

² https://aemo.com.au/-/media/Files/electricity/nem/security_and_reliability/system-security-market-frameworks-review/2020/notice-of-change-to-red-cliffs-220kv-minimum-fault-level-requirement-and-shortfall.pdf?la=en&hash=5C3EDDABDF81891B3989F6FF0466C486

A.3 Call for expressions of Interest

Under the National Electricity Rules, AEMO is required to use reasonable endeavours to make available the least cost option or combination of options that will remediate the System Strength Gap.

Accordingly, AEMO is issuing this Call for Expressions of Interest (CEI) from persons who may be interested in providing *system strength services*.

Responses to this CEI are due by the Closing Date.

The purpose of the questionnaire in Section C is to assess interest and capabilities to respond to a subsequent Invitation to Tender (ITT) to be the proponent either for the Project as a whole, or in part.

An ITT is expected to be issued in December 2020.

The tender period is expected to be 30 business days followed by negotiations with a preferred tenderer. Contract award is planned to occur in July 2021, with a whole of project practical completion by 31 July 2022, but no later than 31 July 2023.

A.4 Prerequisites

Any successful tenderer to an ITT issued subsequent to this CEI must be able to demonstrate to AEMO's satisfaction that, in addition to any other requirements set out in the ITT, it:

- will make *system strength services* available that address the requirements set out in the *fault level shortfall* notice published on 13 December 2019 and as subsequently revised on 6 August 2020 (together the Red Cliffs Fault Level Shortfall Notice);
- will make a range and level of *system strength services* available such that it is reasonably likely that *system strength services* that address all or part of the System Strength Gap, taking into account planned outages, the risk of unplanned outages and the potential for the *system strength services* to impact typical patterns of dispatched generation in central dispatch;
- will maintain the availability of those *system strength services* for the period set out in the ITT;
- has a connection by a predetermined date after contract award via a licenced service provider to transmit electricity under the Electricity Industry Act 2000 (Vic), if required;
- is registered or will successfully register in the relevant capacity under the National Electricity Law and the National Electricity Rules, if required;
- is of sufficient financial substance to be able to carry out the works and arrange any financing needed to support the provision of the *system strength services* as outlined in SECTION B: (THE PROJECT) from the date of contract award;
- has or will have in place arrangements with suppliers and other parties necessary to deliver all aspects of the *system strength services* as outlined in SECTION B: (THE PROJECT) during the Term.

Potential options submitted or identified through this CEI process must meet all of the following pre-requisites in order to be assessed:

- address all or part of the requirements set out in Red Cliffs Fault Level Shortfall Notice;
- indicative pricing is provided for the *system strength services* and are commercially feasible;
- *system strength services* are technically feasible;
- can be delivered by July 2022 but no later than July 2023 to enable AEMO to meet its regional *System Strength Service Provider* obligations at Red Cliffs in accordance with the NER.

Responses to this CEI should indicate how the Applicant intends to satisfy these requirements.

A.5 Indicative timetable

This timetable is provided to give Recipients an indication of the anticipated timing for the procurement process.

Activity	Date
Issue date of CEI	27 August 2020
Closing Date of CEI	5:00 pm (Melbourne time) 7 October 2020
Issue Invitation to Tender	December 2020
Tender submissions close	February 2021
Enter into applicable contracts	July 2021
Construction completion and commissioning	By no later than July 2023

A.6 Declared Shared Network

Network investment is one possible option for addressing all or part of the System Strength Gap. If network investment involving an *augmentation* of the Victorian Declared Shared Network is, or is part of, the selected option, then:

- Subdivision 3 of Division 2 of Part 5 of the National Electricity Law and clause 8.11 of the National Electricity Rules will apply; and
- if that *augmentation* is a *contestable augmentation* within the meaning of the National Electricity Rules, the procurement process set out in clause 8.11.7 of the National Electricity Rules will apply and:
 - this CEI constitutes a call for expressions of interest from persons who may be interested in constructing and operating the proposed *contestable augmentation* under clause 8.11.7(b)(1); and
 - the subsequent ITT will constitute an invitation to tender under clause 8.11.7(b)(4).

A.7 Glossary

In this document:

- a capitalised word or phrase has the meaning set out opposite that word or phrase below;
- a word or phrase *in this style* has the same meaning as given to that term in the National Electricity Rules;
- unless the context otherwise requires, this document will be interpreted in accordance with Schedule 2 of the National Electricity Law.

Term	Definition
Addendum	Any document issued by AEMO after the date of this CEI and labelled as an "Addendum" to this CEI; collectively known as "Addenda".
AEMO	Australian Energy Market Operator Limited ABN 94 072 010 327. References to AEMO include, where the context requires, AEMO's employees, officers, contractors, consultants, advisers and other persons authorised to act for AEMO.
Applicant	A person submitting a Response. Where an Applicant is a consortium, a reference to "Applicant" includes a reference to each consortium member individually.
AusNet Services	AusNet Transmission Group Pty Ltd ABN 78 079 798 173 and any Related Entity (within the meaning of the <i>Corporations Act 2001 (Cth)</i>) of that company.
Business Day	A day other than Saturday, Sunday and any other day not taken to be a public holiday in Australia and its States.

Term	Definition
Call for Expressions of Interest or CEI	This document, including its schedules, attachments and appendices.
CEI Process	The process commencing on the issuing of this CEI and concluding when AEMO has notified each Recipient that the process has concluded.
Closing Date	The date specified on the cover of this CEI.
Declared Shared Network	The electricity transmission network within the State of Victoria (excluding connection assets) pursuant to the <i>National Electricity (Victoria) Act 2005 (Vic)</i> .
Facility	Any facility or facilities proposed to be installed, used or modified (as the case may be) by the Recipient in order to provide the <i>system strength services</i> . This includes all shared network <i>augmentations</i> , interface/connection works and required control and communications schemes to enable delivery of the services.
ITT	Invitation to Tender for the Project due to be issued in December 2020
kV	kilovolt
NEL	The National Electricity Law, being the law set out in the schedule to the National Electricity (South Australia) Act 1996 (SA), as it applies in Victoria.
NER	National Electricity Rules referred to in the NEL
Project	Victorian System Strength Project - Stage 2 is the longer -term <i>system strength services</i> required by AEMO to address the System Strength Gap at Red Cliffs as described in Section B, including the design, construction, commissioning, installation and modification (as the case may be) and operation of any required Facility, the provision of the <i>system strength services</i> and any ancillary or related activities connected with the delivery of the Facility or the <i>system strength services</i> , described in Section B (The Project).
Recipient	A person in receipt of this CEI.
Red Cliffs	The meaning given in section A.2.
Representatives	In respect of a Recipient includes its employees, agents, advisers, consultants, contractors and persons to whom it supplies this CEI or any other documents issued in relation to the CEI Process by AEMO.
Response	The document submitted by a Recipient in relation to the Project in response to this CEI.
System Strength Gap	The <i>fault level shortfall</i> declared by AEMO at Red Cliffs on 13 December 2019 and revised on 6 August 2020, as described in section A.2.
Term	The number of years which the Recipient proposes to provide the Services
TNSP	<i>Transmission Network Service Provider</i> .

SECTION B: THE PROJECT

B.1 High-level project requirements

System strength is an essential system service for a stable and secure power system. A minimum level of system strength is required for the power system to remain stable under normal conditions and to return to a steady state condition following a system disturbance. System strength relates to the ability to maintain and control the voltage waveform and, among other things, can impact the stability and dynamics of control systems used in inverter-based resources. Under the NER, system strength is represented by the *three-phase fault level* at designated *fault level nodes*.

To assess the fault level requirement at Red Cliffs, AEMO applied the *System Strength Requirements Methodology* in accordance with the NER clause 11.101.3(a). In December 2019, AEMO published a Notice of Victorian Fault Level shortfall at Red Cliffs³ declaring an immediate *fault level shortfall*. On 6 August 2020, AEMO published a notice of change to *system strength requirement* and *fault level shortfall* at Red Cliffs in Victoria⁴, which revised the *fault level shortfall* due to updated projections of available fault levels at Red Cliffs. The post-contingency minimum *fault level shortfall* at Red Cliffs is 1,000 MVA, subject to operating conditions. A System Strength Gap of at least 66 MVA exists at Red Cliffs. Refer to Section B.2 for further details.

As the *System Strength Service Provider* for Victoria, AEMO is responsible for procuring *system strength services* to address the *fault level shortfall*. In July 2020, AEMO procured *system strength services* from two existing facilities in the Red Cliffs area through an ITT process seeking an interim solution to address the *fault level shortfall*. These *system strength services* will be in place until at least 31 July 2022.

It should be noted that a solution capable of providing 66 MVA of fault level at Red Cliffs may not necessarily resolve the System Strength Gap, with further modelling required to ascertain the effectiveness of the solution. This is described further in Sections B.2 and B.3.

This CEI is seeking to investigate a broad range of potential solutions (including indicative pricing) with varying capabilities and sizes to meet the System Strength Gap as currently assessed, from July 2022 until at least 2024-25. AEMO is also open to receiving longer term proposals (including indicative pricing) with the capability of meeting the System Strength Gap.

The preferred solution may be awarded as a single contract or parcelled into separately deliverable contracts dependent on responses to this CEI and/or the subsequent ITT around capability, capacity and risk.

B.2 Technical Characteristics

In its December 2019 notice of Victorian *fault level shortfall* at Red Cliffs, AEMO identified the need for additional *system strength services* in north-western Victoria to maintain stable and secure operation of the power system following a disturbance on the network. AEMO applied the *System Strength Requirements Methodology*⁵ to assess the Red Cliffs minimum *three-phase fault level* requirement. In defining the System Strength Gap, AEMO modelled several potential solutions to address instability in the area. The resulting fault level equivalent derived from PSS/E was a 66 MVA shortfall at Red Cliffs *fault level node*.

The technologies and techniques required to identify and model interactions in power systems with growing penetrations of inverter-based resources (such as wind and solar generation and battery storage) continue to emerge and evolve. While the NER measures system strength by *three-phase fault level* at designated *fault level nodes*, fault current is used as a proxy for the level of inertia, fault current, synchronising torque, and

³ https://www.aemo.com.au/-/media/Files/Electricity/NEM/Security_and_Reliability/System-Security-Market-Frameworks-Review/2019/Notice_of_Victorian_Fault_Level_Shortfall_at_Red_Cliffs.pdf

⁴ https://aemo.com.au/-/media/files/electricity/nem/security_and_reliability/system-security-market-frameworks-review/2020/notice-of-change-to-red-cliffs-220kv-minimum-fault-level-requirement-and-shortfall.pdf?la=en&hash=5C3EDDABDF81891B3989F6FF0466C486

⁵ AEMO, System Strength Requirements Methodology and System Strength Requirements and Shortfalls, July 2018, at https://www.aemo.com.au/-/media/Files/Electricity/NEM/Security_and_Reliability/System-Security-Market-FrameworksReview/2018/System_Strength_Requirements_Methodology_PUBLISHED.pdf.

other synchronous characteristics which a power system needs. It cannot be used as the only metric for system strength needs. Therefore, it is critical to note that solutions that increase the fault level at Red Cliffs by 66 MVA will not necessarily deliver the required stability outcomes.

A range of potential technology solutions may be capable of addressing the System Strength Gap at Red Cliffs, including both network and non-network options. AEMO is seeking submissions for a range of solutions capable of meeting this need.

AEMO's analysis indicates that the System Strength Gap would continue beyond 2024-25 if not addressed. There are a range of factors, described in Section B.7, which could impact the duration and size of the System Strength Gap going forward. Therefore, this CEI is seeking to investigate a broad range of potential solutions with varying capabilities and sizes to meet the System Strength Gap as currently assessed, from July 2022 until at least 2024-25. AEMO is also open to receiving longer term proposals with the capability of meeting the System Strength Gap.

Proposed solutions must be large enough, individually or collectively, to meet the requirement for *system strength services*. However, the level of support is dependent on the location and type of network support offered. Notwithstanding the location of any solution, each proposal would require assessment in relation to technical constraints or other issues pertinent to the network connection in order to meet *system strength requirements*.

While the currently declared gap is 66 MVA at Red Cliffs, AEMO is also seeking submissions proposing system strength solutions of larger sizes to support an assessment scale efficiency and to allow flexibility in solution location or potential changes in the declared gap size between the CEI and ITT phases. This may include submissions containing multiple proposals - for example, a proposal for synchronous condensers of 50 MVAR, 100 MVAR, and 150 MVAR, or for technology of different capacity and corresponding capabilities.

B.3 Technical Assessment Criteria

As stated above, AEMO is seeking to receive a range of potential solutions including:

- network, non-network and non-traditional technology types;
- proposals across a range of capabilities and sizes capable of addressing the System Strength Gap, allowing for flexibility to consider the impact of potential changes as described in Section B.7; and
- proposals for various contract durations, noting that AEMO is seeking the solution that represents the best value for money in addressing the System Strength Gap.

Additionally, Electromagnetic Transient (EMT) studies must be undertaken to validate the feasibility of a system strength solution. Solutions must satisfy the following common criteria in the first instance:

- asynchronous generation remains online, except for that in electrically distant portions of the network and where the impact on power system security is negligible;
- all online generators return to steady-state conditions following fault clearance;
- the power system frequency is restored in accordance with the *frequency operating standards*;
- post fault voltage oscillations are adequately damped;
- transmission network voltages across the region return to nominal voltages;
- address the System Strength Gap at Red Cliffs 220 kV *fault level node*;
- proposed solutions should not otherwise interfere with power system security.

B.4 Operation and availability

System strength services are expected to be required continuously, and at all times. AEMO will also consider offers from Recipients with availability to provide the services at specified times only. However, the proposed services must:

- be capable of operating continuously during contracted periods at the contracted capability;
- comply with any relevant performance standards specified in the applicable connection agreement (whether or not registered with AEMO);
- comply with any applicable requirements of the NER;
- if applicable, incorporate the capability to transmit 4-second SCADA signals to AEMO; and
- if required, schedule equipment maintenance outside the months of November to March (inclusive).

B.5 Responsibilities

The proponent will be expected to assume responsibility for (where applicable):

- detailed design;
- securing all necessary and appropriate statutory and regulatory approvals, and discharging any associated obligations and requirements (including ongoing);
- easements and land acquisition;
- conducting best practice stakeholder engagement;
- interfacing with incumbent TNSP electrical assets, communications and protection systems;
- selection and oversight of equipment suppliers;
- construction and achieving practical completion; and
- service delivery in accordance with (among other things) the detailed functional and protection and control requirements (build, own, maintain, operate model) over the term of the contract.

Consideration should be given to any physical constraints associated with the proposed solution.

The Applicant, either individually or with partners, must be experienced in obtaining all necessary and appropriate statutory and regulatory approvals (including the requisite processes), easement and land acquisition as required to deliver the Project.

B.6 Interface Works

If interface works are required, the Applicant will be required to work in conjunction with the owner/operator of the existing asset. These include any works as negotiated with the existing asset owners, including but not limited to, access to site and/or easements and existing control buildings, protection panels, civil infrastructure and other station services.

There are provisions in the National Electricity Law and the NER that govern the interaction between a *declared transmission system operator* (an incumbent transmission owner/operator) and the contestable provider of an augmentation, including requiring them to negotiate in good faith an "augmentation connection agreement" (an agreement for connecting the augmentation to the incumbent's existing network).

B.7 Other projects of interest

AEMO's latest assessment of both the requirement and available fault levels indicates that the shortfall would continue beyond 2024-25 if not addressed. AEMO, as National Transmission Planner, will publish full details about the minimum fault level requirement and shortfall in the 2020 System Strength Report expected for release before the end of this calendar year.

A number of ongoing projects have the potential to impact the duration and size of the System Strength Gap at Red Cliffs within the 2024-25 timeline, depending on the outcome of ongoing regulatory processes, preferred technology selected, and delivery timing. These projects⁶ include:

- Project Energy Connect⁷; and
- Voltage Control in North West Victoria Regulatory Investment Test - Transmission⁸.

Material changes to the power system, including changes to the generator profile in north-western Victoria and south-western NSW, may also impact the shortfall.

The ongoing *system strength requirements* at Red Cliffs will be confirmed before progressing to the ITT stage of this process.

⁶ Studies have not been conducted to quantify the impact of the various options considered by these projects.

⁷ Project Energy Connect - <https://www.projectenergyconnect.com.au/>

⁸ Voltage Control in North West Victoria Project Specification Consultation Report - <https://aemo.com.au/en/consultations/current-and-closed-consultations/voltage-control-in-north-west-victoria-pscr>

SECTION C: STRUCTURE AND CONTENT OF RESPONSE

Applicants must supply the information required below in this Section C. In your responses, please be concise. Responses to each individual question should not exceed 3 pages.

Responses should be in the form specified in this section with any additional information provided as attachments or appendices. Any assumptions made should be clearly stated in the Response. AEMO reserves the right to verify claims made in any Response. Any material misstatement of experience or capability is likely to result in exclusion from the CEI Process.

- 1) Provide the following organisational information:
 - a) Name of company and ABN (entity that would enter into any agreement for transmission services if awarded)
 - b) Contact name
 - c) Address
 - d) Telephone number
 - e) E-mail address
- 2) Has the Applicant addressed the pre-requisites in section A.4?
- 3) Has the Applicant addressed the criteria in Section B (Project)?
- 4) Is the Applicant willing to respond to an ITT in consideration of the above scope, assumptions and planned timeframes?
- 5) Please outline the Applicant's demonstrated recent experience in delivering projects of similar size, type, value and complexity on time.
- 6) Please outline the Applicant's strategy for developing project design and construction, including identifying, avoiding, minimising and mitigating environmental and stakeholder impacts.
- 7) Please outline (if applicable) the Applicant's strategy, high-level resourcing and timeframes for securing necessary and appropriate statutory and regulatory approvals; including under the *Planning and Environment Act 1987 (Vic)*, *Aboriginal Heritage Act 2006 (Vic)*, *Heritage Act 2017 (Vic)* and *Environment Protection and Biodiversity Conservation Act 1999 (Cth)*.
- 8) Please outline the Applicant's strategy, high-level resourcing and timeframes for land and easement procurement (including the appropriate procurement methodology the Applicant anticipates as being required, if applicable).
- 9) To the extent currently known, please provide details of any other organisation with which the Applicant is considering partnering or contracting with to deliver the project, including:
 - a) Their proposed roles and extent of involvement;
 - b) Their demonstrated recent experience in undertaking similar roles;
 - c) Those details as set out in 1) a. to e. above as they pertain to each organisation.
- 10) Confirm expectations you have of the interface works service provider throughout the project delivery process and service delivery period.
- 11) Outline your key risks and concerns plus any initial control measures you would apply.
- 12) Provide any alternative options separately to improve delivery timetable and/or cost.
- 13) Provide PSCAD model of proposed solution (unless already provided to AEMO)
- 14) Provide a statement as to whether the provision of the proposed transmission system strength services to AEMO may give rise to a potential conflict of interest for your organisation, partners, third parties or any key personnel (in the form of Attachment 1).

SECTION D: RULES OF THE CEI PROCESS

D.1 Application

Participation in the CEI Process is subject to compliance with the rules contained in this Section D (CEI Rules).

All persons (whether or not they submit a Response) who obtain or receive this CEI may only use it, and the information contained in it, in compliance with the CEI Rules.

All Recipients are deemed to accept and agree to comply with the CEI Rules.

The CEI Rules apply to:

- this CEI and any other information given, received or made available in connection with this CEI, including any revisions or Addenda;
- the CEI Process; and
- any communications, including any presentations, meetings or negotiations, relating to this CEI or the CEI Process.

In addition to any other remedies available to it under law or contract, any failure to comply with the CEI Rules will, in the absolute discretion of AEMO, entitle it to disqualify a Recipient from participation in the CEI Process.

D.2 Legal status

This CEI is not an offer. It is an invitation for persons to submit a Response only. This CEI must not be construed, interpreted or relied upon, whether expressly or impliedly, as an offer capable of acceptance by any person.

Neither this CEI, nor a Response submitted by a Recipient, has any contractual effect in relation to proceeding with the Project. and does not create any contractual, promissory, restitutionary or other rights to proceed with the Project.

AEMO is under no obligation to complete the process outlined in this CEI or to proceed with an ITT or the Project or to proceed with the acquisition of any services. AEMO may change the process or the description of the requirements outlined in this CEI by issuing an Addendum to Recipients.

AEMO and its Representatives will not be liable for any costs, expenses, losses or damages incurred by Applicants through considering this opportunity, submitting a Response or otherwise participating in the CEI Process.

D.3 Multi-stage tender process

The CEI Process is the first stage of a multi-stage tender process. The objective of the CEI Process is to identify and potentially shortlist organisations that are interested in providing the *system strength services* (or any one or more of them) and have suitable capacity, capability and experience.

D.4 Evaluation Criteria

The criteria AEMO will apply to the evaluation process of the Responses are as follows (noting precedence does not imply a higher weighting):

- a) Technical Assessment Criteria: Has the Technical Assessment criteria outlined in Section B been met?
- b) Completion date: will the *system strength services* be able to be provided by July 2022 or no later than July 2023?
- c) Commercial model: does the Applicant's proposal represent value for money for Victorian consumers and do the proposed costs provide commensurate benefits?

- d) Financial capacity: does the Applicant have the necessary financial capacity to deliver the Facility underpinning the delivery of the *system strength services*?
- e) Performance record: does the Applicant have a demonstrated capability to deliver the *system strength services* and a proven performance record on health, safety, security, environment and community matters?

AEMO may consider proposals where Applicants can demonstrate justifiable benefits to commencing operations for the *system strength services* (in whole or in part) later than July 2023. Applicants must demonstrate to AEMO these measurable benefits (such as reduced costs or enhanced capabilities) and outline the circumstances, assumptions and conditions associated with the revised timeline for the services.

D.5 Confidentiality of AEMO'S information

This CEI may contain confidential information about AEMO and its activities. It is provided solely to enable Recipients to submit Responses. Recipients are not permitted to disclose or to use any such information contained in this CEI for any other purpose. Recipients must take all reasonable steps (both physically and electronically) to protect the confidentiality of this CEI and all communications relating to it, including the Recipient's Response.

D.6 Intellectual property

Unless otherwise indicated in this CEI, AEMO owns such intellectual property rights as may exist in this CEI and any other documents provided to Recipients by or on behalf of AEMO in connection with the CEI Process. Recipients are permitted to use and copy this CEI for the sole purpose of preparing and submitting a Response.

D.7 Others to be bound

A Recipient must ensure that each Representative to whom it supplies this CEI, and any other documents issued in relation to the CEI Process, agrees to be bound by, and to comply with, the CEI Rules. The Recipient acknowledges and agrees it is responsible for its Representative's compliance with these CEI Rules and agrees to enforce these CEI Rules against its Representatives to prevent any breach or continuing breach, or as otherwise reasonably required by AEMO.

D.8 Continuing obligations

The obligations of a Recipient under these CEI Rules survive the termination or expiration of the CEI Process.

D.9 No warranty

Except to the extent required by law:

- AEMO and its Representatives make no warranties or representations, express or implied, oral or written, about the accuracy, adequacy, currency or completeness of this CEI, the notices relating to the fault level shortfall at Red Cliffs (referred to in section A.2), or any other information provided or made available to Recipients, including (without limitation) as part of the CEI Process;
- AEMO and its Representatives make no warranty about whether (or in what form) the ITT will proceed; and
- AEMO and its Representative do not accept responsibility, and will not be liable in any way for any costs, expenses, losses or damages of whatever kind (whether foreseeable or not) however arising (including, without limitation, by reason of negligence or default), incurred by any person in connection with this CEI, the notices relating to the fault level shortfall at Red Cliffs (referred to in section A.2) or any other information provided by AEMO in relation to the Project or the CEI Process or in preparing any Response.

D.10 No representations

No representation made by or on behalf of AEMO or its Representatives in relation to this CEI or its subject matter will be binding on AEMO unless that representation is expressly incorporated into any contract(s) ultimately entered into between AEMO and a Recipient.

Communications during the CEI Process

D.11 Prohibited contact

Without first obtaining the written approval of AEMO, Recipients must not, and must ensure that their Representatives do not:

- contact, make any enquiry to or have any discussions (in any form, whether written, oral or otherwise) in relation to any aspect of the Project or its Response with the Commonwealth Government, the State Government or any Local Government or any regulator or regulatory authority or (except where the Recipient is AusNet Services) AusNet Services;
- enter, traverse, inspect, test, sample or occupy land in connection with the Project or its Response, whether under a statutory power or with consent; or
- contact, or seek to contact, or negotiate with any landowner (or party with interest in land), tenant or occupier of land in connection with the Project or its Response.

D.12 Requests for further information

If Recipients find any discrepancy, error, or have any doubt as to the meaning or completeness of this CEI, or require clarification on any aspect of it, they should notify the AEMO Contact in writing, not less than 7 days before the Closing Date. AEMO may issue an Addendum to all Recipients clarifying the discrepancy, error, doubt, or query (as the case may be) and may, in its absolute discretion, extend the Closing Date.

AEMO reserves the right not to respond to any question or request, irrespective of when it is received.

No representation or explanation to Recipients as to the meaning of this CEI, or as to anything to be done or not to be done by the proponent, will be taken to be included in this CEI unless it is contained in an Addendum.

D.13 Conflict of interest

A Recipient must not, and must ensure that its Representatives do not, place themselves in a position that may or does give rise to an actual, potential or perceived conflict of interest between AEMO and the Recipient's interests during the CEI Process. If an actual, potential or perceived conflict of interest arises, then the Recipient must promptly notify AEMO and take any steps that AEMO reasonably requires to address the conflict of interest.

Without limiting the preceding paragraph, AEMO may, in its absolute discretion, decide not to evaluate (or continue to evaluate) a Response if, AEMO believes that the Response was prepared (in whole or in part) by a Representative of the Recipient where that Representative was:

- a Representative of, or otherwise engaged by, AEMO at any time during the 12 months immediately preceding the date of issue of the CEI;
- Involved in the management of the CEI Process or preparation of the CEI at any time.

Before the Closing Date, a Recipient may request permission to have a Representative described above contribute to or participate in the CEI Process and/or preparation of the Recipient's Response. Where a Recipient makes such a request, AEMO may, in its absolute discretion, at any time:

- grant permission, whether with or without such conditions as AEMO thinks fit; or

- refuse permission.

D.14 Submitting a Response

A response must meet the following requirements:

- the form of Response must follow the structure and include the information requirements in Section C (STRUCTURE AND CONTENT OF RESPONSE);
- if the Recipient cannot provide any of the required information, the Recipient must state this in the Response, with reasons;
- the person submitting the Response must be authorised to do so on behalf of the Recipient; and
- the Response must be sent to AEMO systemstrengthvic2@aemo.com.au in accordance with the instructions on its website by 5:00 pm (Melbourne time) on the Closing Date.

AEMO may, at its absolute discretion, accept or exclude late or non-conforming Responses.

D.15 Recipients to perform own due diligence

By submitting a Response, a Recipient is taken to have:

- read and understood the requirements of this CEI;
- made all reasonable enquiries, investigations and assessments relevant to the risks, contingencies, costs, procedures and other circumstances relating to the Project; and
- satisfied itself as to the correctness and sufficiency of its Response.

This CEI does not constitute legal or business advice and should not be relied on as a substitute for obtaining detailed advice about the NEM, the NER, or any other applicable laws, procedures or policies.

D.16 Responses commercial-in-confidence

AEMO will retain all Responses. AEMO may copy and distribute Responses for the purposes of evaluation. Responses will be treated as confidential and will not be disclosed outside AEMO unless it is:

- required by law, or in the course of legal proceedings;
- for the purposes of liaising with the State of Victoria and its professional advisers in connection with this CEI or the Project;
- for the purposes of assessing the feasibility of any Responses with a relevant Network Service Provider;
- requested by any regulatory or other government authority having jurisdiction over AEMO, or its activities; or
- to AEMO's external advisers, consultants or insurers.

D.17 Use of Responses

Upon submission, all Responses become the property of AEMO. Recipients will retain all intellectual property rights contained in the Response.

Notwithstanding the above, each Recipient, by submission of their Response, is deemed to have granted AEMO a licence to reproduce the whole, or any portion, of their Response for the purposes of enabling AEMO to evaluate the Response and to define its requirements for the Project and the content of any future ITT or other document describing or relating to the Project.

D.18 Withdrawal of Response

A Recipient who wishes to withdraw a Response must immediately notify AEMO of that fact. Upon receipt of such notification, AEMO will cease to consider that Response.

D.19 Status of Response

Each Response constitutes a non-binding proposal by the Recipient to AEMO to provide the *system strength services* required under, and otherwise to satisfy the requirements of, this CEI.

D.20 No reimbursement of costs

AEMO and its Representatives will not be responsible for, and no Recipient is entitled to be reimbursed for, any expense, liability or loss incurred in the preparation and submission of its Response, including (without limitation) for any costs incurred in attending meetings with AEMO or providing any further clarification requested by AEMO.

D.21 No publicity

Recipients must not make any public or media announcement about this CEI or the outcome of this CEI without AEMO's prior written permission.

D.22 No anti-competitive conduct

Recipients must ensure that they (and their Representatives) do not:

- without the prior written consent of AEMO discuss this CEI with any other person they know has received this CEI or might reasonably be expected to have received it; or
- engage in any conduct that is designed to, or might have the effect of, lessening competition in the delivery of the Project or the supply to AEMO of the services contemplated by this CEI.

For the avoidance of doubt, Recipients must obtain the prior written approval of AEMO to discuss this CEI with other potential members of any consortium to deliver the Project for AEMO.

Subject to the above stipulations, it is not necessary for Recipients to obtain AEMO's prior written approval before discussing the delivery of the Project with potential sub-contractors, equipment suppliers or consultants, provided the potential sub-contractor, supplier or consultant complies with the requirements above.

D.23 Material disclosure

AEMO notifies Recipients as follows:

- a) *declared transmission system operators* (including AusNet Services, Transmission Operations Australia and TransGrid) and their Related Entities (within the meaning of the *Corporations Act 2001* (Cth)) are able to respond to this CEI; and
- b) no participant in the electricity market is prohibited from responding to this CEI.

Each Recipient and Applicant acknowledges and agrees that it has been made aware of the matters outlined in this Section D.23.

Next steps

D.24 Options available to AEMO

After evaluation of all Responses, AEMO may, without limiting other options available to it, do any of the following:

- pre-register a shortlist of Applicant and invite tenders from those Applicants;
- enter into pre-contractual negotiations with one or more Applicants;
- decide not to proceed further with the CEI Process or any other procurement for the Project; or
- commence a new process for calling for responses on a similar or different basis to that outlined in this CEI.

D.25 No obligation to call for tenders or enter into contract

Notwithstanding the outcome of any evaluation conducted in accordance with this CEI and without limiting any other rights AEMO may have, AEMO is under no obligation to shortlist any Recipients, call for tenders from or to enter into a contract with any shortlisted Recipient or any other person.

Irrespective of whether AEMO shortlists any Recipients, if AEMO decides not to call for tenders or enter into a contract in relation to any *system strength services*, AEMO may, subject to the NEL and NER, proceed with any alternative process to procure the Project.

D.26 No obligation to debrief

AEMO is under no obligation to debrief any Recipient as to AEMO's evaluation of Responses, or give any reason for the acceptance or non-acceptance of any Response or any decision not to call for tenders.

AEMO's rights and governing law

D.27 AEMO's rights

Notwithstanding anything else in this CEI, and without limiting its rights at law or otherwise, AEMO reserves the right, in its absolute discretion at any time, to:

- cease to proceed with or suspend or vary the CEI Process;
- alter the structure of, or vary or extend any time or date specified in, this CEI;
- require additional information or clarification from any Recipient or any other person or provide additional information or clarification;
- negotiate with any one or more Recipient and allow any Recipient to alter its Response;
- call for new Responses;
- accept any Response received after the Closing Date;
- vary or supplement the CEI Rules or other aspects of the CEI;
- reject any Response that does not comply with the requirements of this CEI; and/ or
- terminate the participation of any Recipient or any other person in the CEI Process,

without giving reasons.

Where these CEI Rules contemplate AEMO consenting or approving to some act or thing, AEMO, in its absolute discretion, may withhold consent or approval or give its consent or approval subject to conditions at its absolute discretion.

D.28 Governing Law

This CEI and the CEI Process is governed by the laws applying in the State of Victoria.

Each Recipient must comply with all relevant laws in preparing and lodging its Response and in taking part in the CEI Process.

ATTACHMENT 1 – CONFLICT OF INTEREST DECLARATION

PART A: CONFLICT DECLARATION

Except as identified in Part B below, none of the personnel presently identified by [Name of Recipient] to work on the Response or a tender:

1. is, or has a close relative⁹ who is, a member, director, employee or contractor of AEMO;
2. is, or has a close relative who is, a director, employee or contractor of a registered participant in a market that AEMO operates or of any business likely to be affected by the Project (other than [Name of Recipient]);
3. has, or has a close relative who has, a material financial interest in a registered participant in a market that AEMO operates or in any business likely to be affected by the Project (other than [Name of Recipient]);
4. has any other affiliation, position, engagement or interest that could reasonably be seen as a conflict of interest with that person's involvement in the Response or tender.

Identified Conflicts:

Person Affected	Nature of Conflict

PART B: HOW EACH CONFLICT IS TO BE ADDRESSED

[The Recipient must outline how any conflicts of interest identified in Part A are to be addressed]

⁹ Spouse, de facto partner, parent, sibling or child.

EXECUTED by [Name of Recipient] by its duly)
appointed Representative in the presence of:)
)

.....
Witness

.....
Signature of authorised representative

.....
Name of witness (print)

.....
Name of authorised representative (print)

.....
Position of authorised representative (print)