

Renewable Energy developer-initiated opportunities

WaterNSW continues to explore opportunities to support private sector investment in renewable energy and storage projects leveraging its land, reservoirs, and infrastructure.

This is part of an ongoing commitment to support the transition to a clean, green and affordable energy future, support investment in the regional communities we serve, and put downward pressure on costs for our customers.

WaterNSW-initiated opportunities

Building on the success of the Renewable Energy and Storage Program, WaterNSW is looking to identify more opportunities to bring to market for long duration pumped hydro energy storage projects.

WaterNSW expects to have more information on this next procurement program in mid- 2025.

For more information on successful projects through the Renewable Energy and Storage Program please visit waternsw.com.au/renewableenergy.

Developer-initiated opportunities

WaterNSW is also receptive to developer-initiated proposals for renewable energy and storage opportunities leveraging WaterNSW land, reservoirs or assets. For developer lead initiatives WaterNSW is receptive to proposals that are commercial and technology ready, with a strong preference for hydro, pumped hydro, wind, solar and battery energy storage system technologies. For more information on the process for developer-initiated proposals including WaterNSW requirements, assessment criteria and next steps please see the document below.

WaterNSW will use the same framework to assess WaterNSW and developer-initiated proposals and it is intended that successful proposals are awarded the same rights and benefits. Fundamentally, those being property rights and the benefit of WaterNSW as a collaborative partner.

Process Overview

The framework for assessing developer-initiated proposal takes a staged approach through concept review, preliminary assessment and strategic assessment. If the proposal is determined at the end of this process, WaterNSW would enter commercial negotiations on contractual terms, most likely in the form of a Development Agreement and Project Deed. This would include negotiation of a final binding offer that must represent value for money for WaterNSW and its shareholders.

WaterNSW will agree with the developer, on a case-by-case basis, the time that WaterNSW will take to complete each gateway. To cover costs, WaterNSW may seek a developer contribution at Gate 3 for complex proposals and Gate 4 where significant commercial departures are submitted. WaterNSW may use external advisors to assist in assessment and negotiations.

Gate 1 Concept Review

The purpose of this review is to ensure the developer has made the appropriate effort in developing the proposed concept. WaterNSW will not assist in concept development. Where relevant to WaterNSW assets and operations, WaterNSW may provide feedback on concept designs. It is for the developer to have a concept sufficiently developed to support WaterNSW's assessment. The preliminary review will include, at a minimum:

- an overview of the proposal and how it meets the energy markets needs and aligns with NSW Government energy policies and objectives
- that the proposal meets WaterNSW minimum requirements, as set out in Table 1 below
- the location of the proposal, including likely property requirements for investigations, access, construction and operations and maintenance. For non-WaterNSW owned property the following should be included:
 - title searches
 - an overview of any dealings or agreements with landowners
 - an overview of the proponent(s), including legal status and domicile.
- an overview of the proponent(s) including company profile, ABN/ ACN and portfolio of any similar renewable projects delivered
- an overview of the proponent's 'Ask of WaterNSW'.

At the completion of the review, WaterNSW will advise the developer whether the proposal is considered viable for further assessment. For viable projects, WaterNSW may provide feedback on aspects of the proposal that will need to be revised to progress. For non-viable projects, at the proponent's request WaterNSW may provide feedback on the assessment.

Table 1 – Project Minimum Requirements

Criteria
1. Technology and commercial readiness. WaterNSW has a strong preference for proposals that are technology and commercially ready for development and deployment. As guidance, this would preference long duration storage pumped hydro and large scale, wind, solar and battery energy storage system technologies.
2. Connects to the NSW region of the National Electricity Market (NEM)
3. Most activities will be carried out in NSW, other than specialised expertise that cannot be sourced locally
4. Has a minimum nameplate capacity of 30MW in line with the Australian Electricity Market Operator's (AEMO) requirement for a scheduled generator
5. For pumped hydro energy storage, duration of at least 8 hours and for battery energy storage system duration of at least 4 hours
6. Constructed by 31 December 2034
7. Is intending to register with AEMO as a scheduled participant

Gate 2 Preliminary Assessment

Gate 2 will involve a deeper assessment, focused on fatal flaw assessment, of the proposal and proponent and will include:

- proponent capability and capacity to deliver the proposal including key personnel and financial capacity
- on overview of the planning and approval assessment pathways for the proposal
- the proponent's expectation on how the proposal will interact with WaterNSW assets and operations, having regard to WaterNSW's legislated objectives and functions including but not limited to *WaterNSW Act 2014*, *Water Management Act 2000*, and *Dam Safety Act 2015* and *Dam Safety Regulation 2019*
- further clarity on property requirements for access, construction, grid connection, and operations and maintenance including WaterNSW owned and non- WaterNSW owned land. This should include the strategy to secure property rights for non-WaterNSW owned land.
- proponents will also be expected to understand and acknowledge WaterNSW risk parameters and the allocation of risk between the parties.

At the conclusion of this assessment WaterNSW will consider WaterNSW's involvement and requirements in relation to the proposal and determine the appropriate next steps. Proposals determined 'light touch' for example, for a proposal that requires only a small part lot of WaterNSW owned land, will be subject to a truncated version of the following gates.

Gate 3 Strategic Assessment

Gate 3 will involve a comprehensive assessment of a sufficiently developed concept to enable WaterNSW to take an informed view on matters including:

- interactions of the proposal with WaterNSW assets, operations and legislative obligations and functions
- approach to stakeholder and community engagement, including outcomes for First Nations and Traditional Owners
- a property strategy to secure all necessary property rights, noting that where required property is owned by a government entity, for example Crown Land, WaterNSW may seek to secure the agencies consent, but it will be for the developer to secure the necessary property rights
- a firmed up and achievable development and delivery program schedule
- approach to, and certainty of, project delivery including a planning and approvals assessment pathway including but not limited to the *Environmental Planning and Assessment Act 1979*, *Environment Protection and Biodiversity Conservation Act 1999* and *Water Management Act 2000*
- a firmed up commercial approach to funding development and construction.

Gate 4 Commercial Agreement

WaterNSW will provide a pro-forma contractual agreement in the form of a Development Agreement and Project Deed. The outcome of commercial negotiations will need to result in an acceptable commercial structure including clear and complete allocation of risk aligned to WaterNSW expectations.

Gate 5 Negotiation of final binding offer

WaterNSW and the proponent will negotiate final commercial and financial terms. The final offer must be one that represents value for money to WaterNSW and its shareholders. Guidance will be provided on the structure of the financial offer.

Contract Award

Where the parties reach mutual agreement, WaterNSW will award the proponent a Development Agreement that will regulate the Developer's right to access WaterNSW land for the purpose of undertaking any on-site pre-construction activities including further site, geotechnical and environmental investigations, and/or any site establishment or mobilisation activities, the payment of milestone amounts and the securing of all approvals and construction preconditions. Appended to the Development Agreement will be the negotiated Project Deed. The Deed will govern the respective rights and responsibilities of the Developer and WaterNSW in relation to the Project through construction, operation, maintenance, renewal and decommissioning.

Confidentiality and Intellectual Property

WaterNSW and proponents will be bound by confidentiality arrangements that, without written consent, prohibit the parties from disclosing or providing particulars concerning the proposal to any other persons, excepting those parties agreed as required to be informed as part of executing WaterNSW obligations.

Proposals become the property of WaterNSW upon submission and will not be returned. Any intellectual property rights contained in a proposal will remain the property of the Proponent. However, proponents must clearly identify any part of its Proposal which intellectual property rights (including, without limitation, patents, registered designs and copyright) are claimed by the proponent.

WaterNSW requires that proponents acknowledge that any agreement by WaterNSW to keep any part of a proposal confidential is subject to WaterNSW's obligations at law, including its obligations under the GIPA Act (including public disclosure of information in accordance with Memorandum M2007-01 Public Disclosure of Information arising from NSW Government Tenders and Contracts).

Enquiries

Further enquiries and requests for pre-lodgement meetings should be submitted to energyandstorage@waternsw.com.au.