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Contact Officer: James Bullock
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8 February 2023

Mr Paul Verschuer
Executive General Manager
AEMO Services Ltd
Email: [REDACTED]

Dear Mr Verschuer

Re: Updated tender rules with respect to long-term energy supply agreements

Thank you for consulting with the Australian Energy Regulator (AER) on your updated tender rules with respect to long-term energy supply agreements (LTES agreements) as required under section 47(6) of the *Electricity Infrastructure Investment Act 2020 (NSW)* (EII Act). We also appreciate the opportunity to consult with AEMO Services Ltd staff.

We understand that the updated tender rules submitted on 20 January 2023 are to give effect to recently introduced EII regulations and to accommodate a firming tender process that we understand will commence in early 2023. These changes also result in minor administrative changes to table numbering.

We have reviewed the updated tender rules and consider that they address the items prescribed in sections 47(5)(a)–(e) of the EII Act and EII Regulation 29.

The updated tender rules include an addition of ‘alternative bid products’ which can be one of the following:

- An alternative financial value bid where only the prescribed bid variables are adjusted, and the product combination remains unchanged; or
- An alternative product bid, where the product selection is changed to an access right only.

Consumer Trustee staff advised that alternative bid products are designed to increase competition. However we observe that this change may increase the complexity for the Consumer Trustee to compare bids – not only may the number of bids increase but the departure from fixed criteria may make comparison of bids difficult despite the merit criteria not changing (for example where a proponent seeks access only). We would be interested in the views of the CT and its experience with alternative bid products.

We understand that AEMO Services Ltd is undertaking a comprehensive review of its tender rules. We look forward to AEMO Services Ltd consulting with us once this review is further advanced.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Justin Oliver', with a long horizontal stroke extending to the right.

Justin Oliver
Member
Australian Energy Regulator