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Hydrogen and Renewable Energy Act

Release Area Tender Application Assessment Criteria and Process

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Release areas – Part 3 HRE Act

- Sole pathway for renewable energy development on designated land
- Work with landowners to identify areas of land where development is suitable with terms and conditions, before licences are offered
- Minister must consult on release areas prior to declaration
 - **First Release Area Closes today – Gawler Ranges East and Whyalla West**
- Competitive tender process for exclusive access to identified areas
- Successful proponents have right to apply for a Renewable Energy Feasibility Licence (REFL)
 - Must reach Native Title Agreement BEFORE licence is granted
- Only proponents with a REFL can apply for a Renewable Energy Infrastructure Licence (REIL)

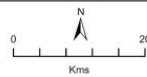
First Release Areas



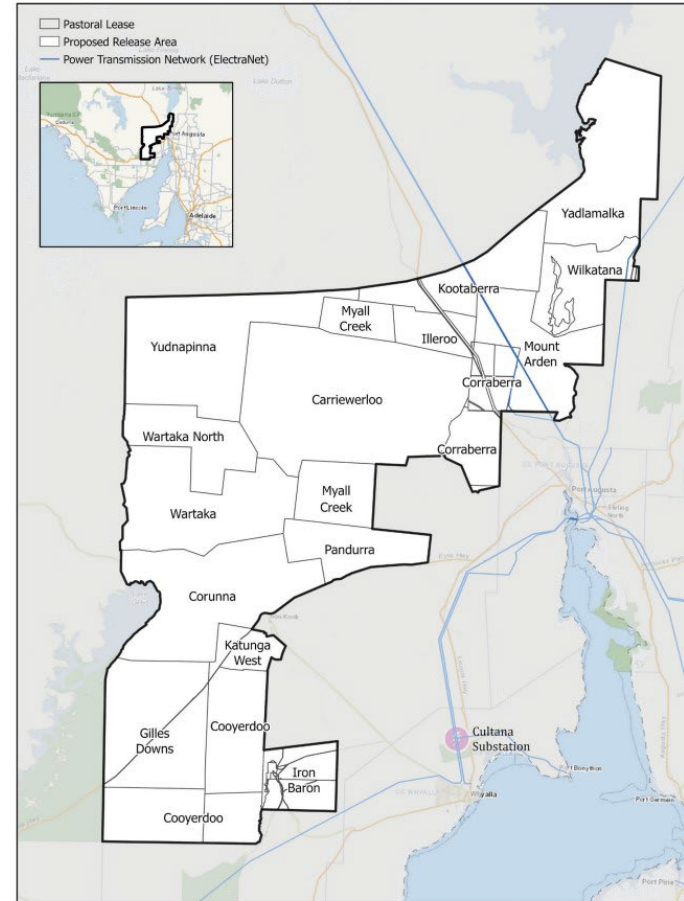
Gawler Ranges East Proposed Release Area
Area: 5,220 km²



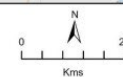
Source: Department for Energy & Mining
Date: 23/07/2024
Spatial Reference: GDA2020 SA Lambert
MapID: 20240723-01
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Whyalla West Proposed Release Area
Area: 6,600 km²



Source: Department for Energy & Mining
Date: 20/06/2024
Spatial Reference: GDA2020 SA Lambert
MapID: 20240723-06
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Tender Evaluation Criteria – s. 11(2)(e) HRE Act



Before commencing tender process need to have evaluation criteria ready for publication.

Criteria seek to ensure that the proposal clearly aligns with the following objectives of the HRE Act.

- encourage and maintain an appropriate level of competition for access to designated land to enable exploration for, and exploiting of, renewable energy resources;
- enable engagement with Aboriginal people to ensure the regulatory framework in this Act maximises beneficial economic, environmental and social impacts and minimises adverse cultural and heritage impacts on Aboriginal people;
- enable engagement with rural and regional communities in relation to hydrogen and renewable energy projects for beneficial economic, environmental and social outcomes for those communities;
- facilitate economic prosperity and benefits for the State through the development of an industry for generating hydrogen and renewable energy.

Criteria for Tender Evaluation – Regulation 12(1)



- 1) Statement relating to:
 - a) Any agreements reached with Native Title and other landowners; or
 - b) The manner in which applicant plans to negotiate such agreements
 - c) Where required: a statement from applicant addressing specific Native Title matters and a statement from relevant NT body confirming applicant statement
- 2) Proposed work program under REFL – activities to ascertain renewable energy resource
- 4) Net economic and social benefits analysis to the State expected as a result of their proposed project - Power to X.
- 5) Statement of applicant's experience and ability to deliver renewable energy projects – technically and commercially

Criteria for Tender Evaluation – Regulation 12(1)

To the above end, detailed criteria and guidance material to be published shortly seeking applicants to address in their tender application:

- Benefits to relevant Traditional Owners;
- Technical and Commercial matters relating to the proposed utilisation of RE resource;
- Supply chain and local content including skills and employment opportunities

Criteria for Tender Evaluation – Regulation 12(1)

Detailed criteria and guidance material developed through government tender expressions of interest process – resulting in following firms being engaged for this purpose on a RFQ basis to advise DEM on all matters as required, including tender evaluation:

- Worley Consulting;
- Infrastructure Advisory Group;
- Frazer-Nash Consultancy;
- Indigenous Energy Australia – exclusive for all First Nations issues

Criteria for Tender Evaluation – Regulation 12(1)



Traditional Owner Benefits

- IEA currently working with one of the Groups to finalise NTG-specific criteria and matters they want addressed by applicants/proponents for their particular area.
- Some potential applicants have already commenced and in some cases completed negotiation with NT Groups – memorandums of agreement

Criteria for Tender Evaluation – Regulation 12(1)

Technical and Commercial

- Worley Consulting completed technical and commercial criteria and guidance documents through a series of workshops with relevant government agencies

Criteria for Tender Evaluation – Regulation 12(1)



- **Technical category:** evaluate the technical readiness of the Power to X proposals. Including:
 - a. Technical readiness.
 - b. Technical complexity and suitability in an Australian context.
 - c. Resilience and complexity of essential project supply chains in the context of how this can affect the project economics and deliverability.
 - d. Availability of essential feedstock connections such as water, external power, and that for firming requirements.
 - e. Project services and supporting infrastructure.
 - f. Location and access to essential logistics and routes to market or final product.
 - g. Project proposal maturity in terms of feasibility level and pathway to Final Investment Decision.
 - h. Project proposal scale – e.g. MW or GW scale.



Criteria for Tender Evaluation – Regulation 12(1)

- **Commercial category:** evaluate the extent of commercial readiness of the proposed projects, including:
 - a. Proponent's capability and track record in delivering such projects.
 - b. Partnership structures, including maturity of partnerships and agreements in place.
 - c. Financial viability including investment and funding arrangements.
 - d. Reasonableness of offtake arrangements for final product including market fundamentals for any such project including reliance on external support mechanisms such as subsidies etc.
 - e. Financing structure of project, including proponent's track record for financing such projects and also proponent's record to ESG requirements and other sustainability directives related to ability to raise finance.

Criteria for Tender Evaluation – Regulation 12(1)



Supply Chain and Local Content

- Infrastructure Advisory Group delivered 3 key criteria and guidance document for this purpose through a number of internal government workshops with relevant agencies – project was led by ICN in DSD.
- These criteria focus on three main areas:
 - **Criteria 1:** emphasis on the development to the local supply chain, including Aboriginal businesses;
 - **Criteria 2:** focus on the creation and maintenance of jobs, skills and training opportunities, assessing how the applicants will increase workforce participation, particularly for underrepresented groups including Aboriginal people;
 - **Criteria 3:** addresses broader economic development opportunities and the creation of a legacy.

Criteria for Tender Evaluation – Regulation 12(1)

Supply Chain and Local Content: Criteria 1-

- Describe how the applicant will contribute to the building of local supplier capability, capacity and competitiveness. This will include an assessment of how the applicant will:
 1. Ensure full, fair and reasonable opportunities for local manufacturers and suppliers.
 2. Develop capability and capacity of the local supply chain.
 3. Increase participation of Aboriginal businesses.

Criteria for Tender Evaluation – Regulation 12(1)

Supply Chain and Local Content: Criteria 2 -

- Describe the extent to which the project will create and maintain jobs and provide skills and training opportunities. This will include an assessment of how the applicant will:
 1. Increase local participation in the workforce, including apprentices and trainees.
 2. Increase participation of underrepresented South Australians, such as:
 - a. young people, long-term unemployed, women, people experiencing disability, people living in rural and regional communities
 - b. other disadvantaged people.
 3. Increase participation of Aboriginal peoples in the workforce.

Criteria for Tender Evaluation – Regulation 12(1)

Supply Chain and Local Content: Criteria 3 -

- Detail the project's approach and strategies to foster broader economic development and enable a legacy for the local community, industries and broader economy. This will include an assessment of how the applicant will:
 1. Engage, consult and share benefits with the local community, industries and broader economy.
 2. Support local innovative and early-stage companies and researchers to foster the commercialisation of new technologies.
 3. Support local diffusion of new knowledge and innovation.
 4. Create downstream value-add opportunities for the local community, industries and broader economy.

Tender Evaluation Process

- Overarching this process will be a governance probity framework to ensure impartiality and transparency.
- Panel led process.
- 2 Stage process:
 - 1) Panel to initially vet all proposals to narrow the final number for more detailed evaluation.
 - 2) Selected proposals from stage 1 to be evaluated through direct engaged with proponents by the panel to further examine details of respective tenders against each of the criteria.

Tender Evaluation Panel Skill Set:

- Renewable energy project commercial and technical – likely to be a contracted external person (consultant).
- Environmental management – internal DEM person from Energy Regulation Branch.
- Cultural heritage and Native Title – external advisor.
- Financial and commercial – internal DEM person from Commercial Division and external person.
- Industry supply chain and capability development – ICN/DSD person.

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