



Crown Sponsorship for New Battery Energy Storage System Projects

Application Guidelines

October 2023



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Acknowledgement of Country

As guests here on Kaurna land, we acknowledge everything this department does impacts on Aboriginal country, the sea, the sky, its people and their spiritual and cultural connection which have existed since the first sunrise. Our responsibility is to share our collective knowledge, recognise a difficult history, respect the relationships made over time, and create a stronger future. We are ready to walk, learn and work together.

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Background

A battery energy storage system (BESS) is one technology that will play an important role in the state's transition to a high renewable energy system. It can provide dispatchable firming capacity to fill periods of low renewable energy generation and contribute to increased reliability as higher emission generation exits the National Electricity Market (NEM).

There is an opportunity for new BESS capacity to be added to the South Australia power system to support demand growth and replace traditional thermal generation which is exiting the market for end of life or environmental reasons.

On behalf of the State Government, the Department for Energy and Mining (DEM) is seeking Expressions of Interest from BESS facility proponents for Crown Sponsorship by the Minister for Energy and Mining of their proposed development as a form of essential infrastructure under section 131 of the *Planning, Development and Infrastructure Act 2016*.

Crown sponsorship is where a person undertakes development for the purposes of the provision of essential infrastructure that is initiated or supported by a State agency, and that is specifically endorsed by the State agency for the purposes of section 131 of the *Planning, Development and Infrastructure Act 2016*.

Crown Sponsorship for a BESS can lead to a recommendation by the Minister for Energy and Mining to the Minister for Planning for a planning exemption pathway under Schedule 13 of the Planning, Development and Infrastructure (General) Regulations 2017.

Proponents that respond to this Expression of Interest will be assessed for Crown Sponsorship and for recommendation to the Minister for Planning for a planning exemption pathway.

This Application Guide provides an overview of the planning exemption pathway, Crown Sponsorship eligibility criteria and how to submit an Expression of Interest for Crown Sponsorship. **It should be noted that receiving Crown Sponsorship does not imply approval of a Development Application.**

Capacity needs in South Australia

South Australia has transformed its energy system from one per cent to over 70 per cent renewable energy in just over 16 years. The Australian Energy Market Operator (AEMO) forecasts this could rise to approximately 85 per cent by 2025-26. South Australia's aspiration is to achieve 100 per cent net renewable energy by 2030.

Our state has one of the best climates for solar, with five large scale solar farms and one of the highest per capita levels of rooftop solar installed anywhere in the world. Solar PV generated over 24 per cent of South Australia's electricity in 2021-22 and we have the first power system in the world where rooftop solar can, at certain times, exceed the entire state's electricity demand.

We also have world class wind resources, with 23 wind farms in operation and two under construction. Wind generated over 44 per cent of South Australia's electricity in 2021-22, the highest percentage share of any Australian state or territory. While these achievements in renewable energy development are a valuable part of the transformation to a low carbon energy supply, renewable energy is only one of the four pillars for a decarbonised reliable supply of electricity:

1. Low-cost renewable energy.
2. Firming technology like pumped hydro, batteries, and gas generation, to smooth out the peaks and fill in the gaps from that variable renewable energy.

3. New transmission and modernised distribution networks to connect these renewable sources of generation to our towns and cities.
4. Power systems capable of running, at times, entirely on renewable energy.

The high penetration of solar and wind in South Australia means periods of low renewable resources, known as Dunkelflaute events, could have a high impact if there is insufficient dispatchable firming technology. There is also a significant amount of this type of capacity exiting both South Australia and the market interstate over the short-medium term.

In their *2023 Electricity Statement of Opportunities* published in August 2023, the AEMO forecasts that to meet the interim reliability standard there is a need for additional capacity of 205 MW and 738 MW in 2026-27 for South Australia and Victoria. This is primarily driven by the closure of the Torrens Island B units in South Australia indicating South Australia and Victoria are highly aligned and capacity in the southern region of the NEM is highly connected. This could, therefore, be considered a joint regional gap that could be solved in either region.

The South Australian Government is aware there is a need to introduce new dispatchable firming capacity and it will be important to ensure new capacity enters the market by 2027 to address the reliability gaps forecast by AEMO. BESS will play an important role in the state's transition to a high renewable energy system as it can provide dispatchable firming capacity that can complement renewable energy generation, as higher emission generation continues to exit across the NEM.

As part of its ongoing commitment to transitioning to a renewable energy future, the State Government has examined the opportunity to further enliven the roll out of grid-scale BESS developments. This will complement other activities underway to encourage new investment in dispatchable capacity.

One such encouragement mechanism is the Commonwealth Capacity Investment Scheme (CIS). The objective of the CIS is to encourage new investment in clean dispatchable capacity, support reliability, and reduce the risk of price shocks in Australia's rapidly changing energy market. The CIS expects to bring forward at least \$10 billion of new investment and 6 GW (in medium storage equivalents) of clean dispatchable capacity by 2030.

The CIS is available to all jurisdictions nationally and will involve a series of competitive tenders rolling out from 2023 which seek bids for clean renewable generation and storage projects to meet reliability needs between FY2026 and FY2030. The first phase includes a joint South Australia-Victoria tender and AEMO Services will conduct the two-stage tender process.

Registrations for the South Australia-Victoria tender opened on 11 October 2023. It will open for bids in mid-December 2023 and will seek 600 MW of 4-hour equivalent or 2,400 MWh of dispatchable renewable generation and storage. The final Tender guidelines will be published on the AEMO Services website in mid-December and submissions close at 5.00pm on 21 February 2024 (AEDT).

Projects will need to meet tender eligibility criteria that align with the Australian Government's emissions reduction commitments. Projects must be physically located in South Australia or Victoria and be at least 30 MW in size and capable of storing energy for a minimum of 2 hours. The program is open to utility-scale long-duration storage projects, including batteries.

It is expected project technical and commercial viability will be examined as part of the tender process. Commencement of the development approval process may therefore be of assistance for proponents' conveyance of the deliverability of their proposed project and demonstration of credibility of reaching a target commercial operation date in the upcoming tender process.

Please refer to DCCEEW's website to find out more about the CIS: www.energy.gov.au/government-priorities/energy-supply/capacity-investment-scheme

Section 131 Crown Sponsorship

DEM is inviting Expressions of Interest for Crown Sponsorship from private sector operators who wish to construct a BESS facility which meets the following criteria.

Location

- The BESS facility must be located entirely on South Australian land[^].

[^] Proposed developments located in one of the excluded locations listed on page 7 can apply for Crown Sponsorship but **will not** be considered for the exempt pathway.

BESS facility specifications

- Contains one (1) or more batteries that are capable of being charged, storing energy, and discharging energy into the State's power system.
- Must have a capacity of equal to or greater than 30 MW and intend to participate in the central dispatch mechanism used in the relevant South Australian electricity grid.
- Minimum storage duration of two hours, noting longer duration BESS projects will be considered more valuable from a reliability perspective.
- BESS projects can be stand-alone or physically co-located with generation. However, only the BESS component is eligible for consideration for the exempt pathway.

Timing

- The BESS facility must be capable of being commissioned by 1 January 2027.

Compliance

- Although a project that receives Crown Sponsorship will be supported and endorsed by the Minister for Energy and Mining for the purposes of section 131 of the *Planning, Development and Infrastructure Act 2016*, Crown Sponsorship does not give rise to any relationship of employer and employee, principal and agent, partnership or joint venture. Proponents will retain full responsibility for implementing any project that receives Crown Sponsorship and any costs associated with the implementation of a project shall be borne solely by them.
- A proponent and project will need to be compliant with applicable State laws.

Exemption Pathway Overview

Proponents that receive Crown Sponsorship under this Expression of Interest process will also be considered for a recommendation to the Minister for Planning (or delegate) to gazette the site for the purpose of the exempt pathway.

Schedule 13 of the Planning, Development and Infrastructure (General) Regulations 2017 provides for the following form of development to be exempt from the need to secure development approval:

- the construction, reconstruction or alteration of a battery storage facility for the purposes of supporting the security or reliability of the State's power system.
- any infrastructure, structures, equipment or works associated with or ancillary to development in accordance with the above, including electricity powerlines, poles and fences, fuel supply infrastructure and roads or other means of access to such development.
- on a site identified by the Minister for Planning by notice published in the Gazette.

This exempt pathway is facilitated through a gazette notice published in the Gazette by the Minister for Planning.

A private sector operator can receive the benefit of such an exemption if the proposed development is sponsored (endorsed) by a relevant Minister or state agency in accordance with section 131 of the *Planning, Development and Infrastructure Act 2016*. In the case of a BESS development this is most likely to be the Minister for Energy and Mining.

For the purposes of the exemption, a battery storage facility is defined as a facility for the purposes of one (1) or more batteries of a total capacity of more than 25 MW that are capable of being charged, storing energy, and discharging it into the State's power system.

The exempt pathway relates to development approval only and although the BESS facility can be part of a broader development, only the BESS component is eligible for Crown Sponsorship and recommendation for the exempt pathway. As part of the case management of the selected projects, the Government will work with AEMO and network service providers to assist with timely connection to the grid.

Receiving Crown Sponsorship and the gazettal of any site for the purposes of the exempt pathway does not imply that a project will be exempt from any other regulatory processes that may apply to the carrying out of the project from time to time.

Excluded locations

While proposed developments in the following locations can apply for Crown Sponsorship, as a full planning assessment is required for projects in these zones, they **will not** be considered for recommendation to the Minister for Planning for the exempt pathway.

- Any township, settlement or residential Zone
- Adelaide Parklands Zone
- Hills Face Zone
- Coastal Zone
- Conservation Zone
- Character Preservation Area (McLaren Vale and Barossa Valley)
- State Heritage or Conservation Area Overlay.

Assessment Process

Expressions of Interest received by the closing date will be assessed by DEM to determine the impact the BESS project will have on the state's energy reliability and whether it will be recommended for Crown Sponsorship. In parallel, Expressions of Interest will be reviewed by a broader stakeholder group of relevant agencies and local councils to evaluate whether the project, if sponsored and not located in an excluded location, would be considered for the exempt pathway.

The following high-level steps will be followed during the assessment process.

1. Expressions of Interest will be assessed for Crown Sponsorship by DEM.
2. In parallel, Expressions of Interest will be circulated to the applicable local Council and a standing stakeholder group of agencies to assess if it would be eligible for consideration for the exempt pathway, if Crown Sponsorship is received. The agencies involved in assessment are:
 - Department for Environment and Water
 - Environment Protection Authority
 - Department for Trade and Investment (Planning and Land Use Services)

- Department for Infrastructure and Transport
 - Country Fire Service /Metropolitan Fire Service
 - Safework SA
3. Comments from the applicable local council and stakeholder group will be due to DEM in 15 business days.
 4. Expressions of Interest that are recommended for Crown Sponsorship will be assessed for suitability for the exempt pathway.
 5. All applicants will be contacted by DEM to advise if their Expression of Interest has been successful in receiving Crown Sponsorship.
 6. The Minister for Planning will be sent Expressions of Interest that receive Crown Sponsorship and that are recommended for the purpose of the exempt pathway.
 7. Any sites identified by the Minister for Planning for the exempt pathway will be published in the Gazette.
 8. DEM will notify applicants if their site is published in the Gazette for the purpose of the exempt pathway.

Gazettal of a site for the purpose of the exempt pathway is at the discretion of the Minister for Planning. A recommendation made by the Minister for Energy and Mining to the Minister for Planning does not fetter the Minister for Planning’s discretion and does not imply that the Minister for Planning will gazette any site for the purpose of the exempt pathway.

There is no appeal against a decision of either the Minister for Energy and Mining or the Minister for Planning.

How to submit an Expression of Interest

The Expression of Interest period commences on Thursday 19 October 2023 and closes at 11.59 pm ACDT on Wednesday 15 November 2023.

Expressions of Interest can be emailed to DEM.sponsorshipEOI@sa.gov.au with the subject line “EOI for Crown Sponsorship – BESS project”. Expression of Interest applications will be assessed as they are received, so applicants are encouraged to submit their Expression of Interest ahead of the closing date. To be considered, an application must be received by DEM by 11.59 pm ACDT on Wednesday 15 November 2023.

Questions associated with this Expression of Interest can be directed to DEM.sponsorshipEOI@sa.gov.au

Any costs associated with the preparation and submission of an Expression of Interest are to be born solely by the applicant.

Although DEM understands the need to keep commercial matters confidential in appropriate circumstances, DEM reserves the right to disclose some or all of the contents of your Expression of Interest:

- for the purposes of assessing your application in accordance with the process above; or
- as a consequence of a constitutional convention, or in order that the relevant Minister may answer questions raised in the South Australian Parliament, keep Parliament informed or otherwise discharge the Minister’s duties and obligations to Parliament, and to advise the Governor, Parliament and/or the South Australian Government.

Any condition in an Expression of Interest that purports to prohibit or restrict the Minister's right to make such disclosures cannot be accepted.

By submitting an Expression of Interest you license DEM to reproduce the whole or any portion of the Expression of Interest for the purposes of this Invitation despite any copyright or other intellectual property right that may subsist in the Expression of Interest.

DEM reserves the right to:

- extend the Closing Date for submission of Expressions of Interest;
- amend the requirements for an Expression of Interest at any time prior to the Closing Date for the submission of an Expression of Interest;
- consider providing Crown Sponsorship to a person even though they do not submit an Expression of Interest in response to this invitation;
- abandon this invitation process whether before or after the receipt of Expressions of Interest;
- invite any person to submit an Expression of Interest;
- consider an Expression of Interest which is submitted otherwise than in accordance with these conditions or which is submitted after the closing date for submissions of Expressions of Interest; and
- allow a Respondent to change its Expression of Interest if the same opportunity is given to all Respondents.

Expression of Interest documents

To be assessed and considered for Crown Sponsorship and for recommendation by the Minister for Energy and Mining to the Minister for Planning to gazette the site for the purpose of the exempt pathway your Expression of Interest needs to include the following:

1. A **cover letter** addressed to the Department for Energy and Mining formally seeking that the Minister for Energy and Mining specifically endorse the proposed development as a form of essential infrastructure in accordance with section 131 of the *Planning, Development and Infrastructure Act 2016*.
2. A **supporting document** that provides the following information.

A. Applicant Details

- Details of Applicant/s including names, address, contact person etc.
- Registered ABN and ACN (if applicable).
- Registered Address of Company (if applicable).
- If a Company is the applicant, how long has the company been incorporated.
- If the applicant/s is/are unknown in South Australia or have not undertaken projects of a similar nature interstate, they must provide a financial capacity and delivery capability statement.

B. A statement of economic effects of development

- Capital estimate of development.
- Direct and indirect economic impacts of the project.
- Impact of the development on energy affordability.
- Employment opportunities – a) during construction, b) once operational.



C. Technical Description

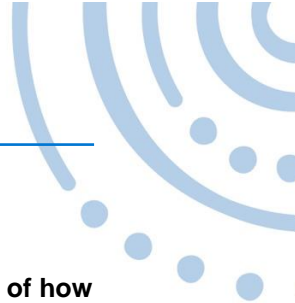
- Clear description regarding capacity and power rating of project (MW/MWh).
- Description of how the project addresses the services required for the management of South Australia's power system reliability and security and the impacts facing the South Australian electricity system.
- A statement indicating that you have been issued with a Certificate of Compliance from the Technical Regulator in accordance with:
<https://www.energymining.sa.gov.au/industry/regulatory-services/office-of-the-technical-regulator/infrastructure-technical-regulation>

D. Description of the proposed development

- Description of the proposed land uses and activities.
- Scaled plans of the site area (e.g. size of land parcel) including any proposed structures.
- Legal delineation of the site of the development (including copies of Certificate/s of Title)
- Advice on why the proposal is considered to meet the criteria of essential infrastructure under Section 131 of the *Planning, Development and Infrastructure Act 2016*.
- Current zoning/s impacted by the development and description of existing use, along with adjacent land uses and previously approved energy storage projects. Is it compatible with the existing Planning and Design Code.
- Identification of any land tenure requirements over adjacent and subjacent lands (Seabed) or other Crown Land including held by Local or Federal Government.
- If Local, State or Federal Government owned land, evidence that the applicant has gained in-principle support to be able to develop over these lands.
- Provision of evidence that the proponent has secured its interest or has tenure over the land proposed to be developed, including evidence of ownership/tenure, any easements or registered mining tenement.
- Are there going to be any other users of the developed facility? If yes, provide details of who will be the other users and how will they be managed including access arrangements. Provide any evidence of any agreements in place.
- A statement on whom will own existing or future infrastructure to be utilised in the development and what access to the infrastructure will be available to third parties.
- Critical timing of development aspects including dates related to site works, plans and specifications, staging details, proposed connection infrastructure, expected construction, completion and commencement of operations.
- Details of connection requirements to the designated substation or other network connection point (including existing capacity).
- The parties proposing to undertake the development, including their relevant experience and expertise.

E. Description of the development locality

- Description of the 'environment' including the ecology/natural resources, social/community, economic/infrastructure aspects.
- A scaled plan of the locality (locality determined by the extent of direct impacts) which shows the location of all sensitive receivers (i.e. residential premises on adjoining or nearby properties) that may be affected by potential air and/or noise impacts associated with the proposal during both construction and ongoing operation.
- Past and current land uses associated with the site and surrounding locality.
- Mapping and description of key physical features of the site and locality (natural, cultural and built).



F. A description of the expected environmental and social effects and a statement of how those effects could be managed

- A statement of known community concerns and opposition to project (if applicable).
- An initial desk top scoping study identifying potential effects of the proposal. Specifically, any *Environment Protection and Biodiversity Conservation Act 1999* triggers, Aboriginal Heritage, Native Title claimants, native vegetation clearance issues, Marine Parks issues, tenements and licences granted under the *Mining Act 1971 (SA)* and the *Petroleum and Geothermal Energy Act 2000 (SA)*, any Defence lands under the *Defence Act 1903 (Cth)* etc. (positive and negative with details).
- Any flood risk / sea level rise / surface water / water protection overlay.
- Predicted noise level and applicability with Environment Protection Authority (EPA) Noise Policy.
- Presence of any Native Vegetation or listed conservation species (at both a State and Commonwealth level).
- Presence of any Acid Sulphate Soils or registered, contaminated sites.
- Applicable Bushfire risk (including Bushfire Attack Level (BAL) rating) and firefighting interventions proposed.
- Presence of any Aboriginal Cultural heritage sites (being a search of the central register and archive).
- Site access and related improvements and/or other infrastructure upgrades required to facilitate both construction access and operational use.
- Presence of any Commonwealth, state or local heritage places.

NOTE: Information and spatial boundaries regarding this dot point can be found on the South Australian Resource Information Gateway (SARIG) or LocationSA.

<https://map.sarig.sa.gov.au/>

<https://location.sa.gov.au/viewer/>

- Other likely approvals/licences required.
- Any critical management arrangements.

G. Other Information

- Any other information that can be provided by the applicant that could assist with the assessment of the sponsorship process including provision of a business case and/or statement regarding electricity off-takers and purchasers.
- How the project is to be financed.

Further information

Department for Energy and Mining
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GPO Box 320, Adelaide SA 5001

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