

Energy and Emissions Reduction – Northern Territory

FEDERATION FUNDING AGREEMENT - ENVIRONMENT

Formalities and operation of schedule																																																			
Parties	Commonwealth Northern Territory																																																		
Duration	This Schedule is expected to expire on 30 June 2024.																																																		
Purpose	<p>This Schedule will support the investigation, design, installation and commissioning (excluding maintenance) of the Northern Territory's:</p> <ul style="list-style-type: none"> initial 32.6 megawatt/34.7 megawatt/hour battery energy storage system (BESS) in the Darwin-Katherine interconnected system; and remote power system and microgrid projects in remote First Nations communities. 																																																		
Estimated financial contributions	<p>The Commonwealth will provide an estimated total financial contribution to the Northern Territory of \$30 million towards two projects: \$15 million for the BESS and \$15 million for microgrid projects.</p> <table border="1"> <thead> <tr> <th colspan="5">BESS</th> </tr> <tr> <th>Table 1A (\$ millions)</th> <th>2021-22</th> <th>2022-23</th> <th>2023-24</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Estimated total budget</td> <td>0.0</td> <td>45.0</td> <td>0.0</td> <td>45.0</td> </tr> <tr> <td>Less estimated National Partnership Payments</td> <td>0.0</td> <td>15.0</td> <td>0.0</td> <td>15.0</td> </tr> <tr> <td>Balance of estimated non-National Partnership Payment commitments</td> <td>0.0</td> <td>30.0</td> <td>0.0</td> <td>30.0</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="5">Microgrid roll-out</th> </tr> <tr> <th>Table 1B (\$ millions)</th> <th>2021-22</th> <th>2022-23</th> <th>2023-24</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Estimated total budget</td> <td>3.5</td> <td>11.3</td> <td>70.2</td> <td>85.0</td> </tr> <tr> <td>Less estimated National Partnership Payments</td> <td>0.0</td> <td>5.0</td> <td>10.0</td> <td>15.0</td> </tr> <tr> <td>Balance of estimated non-National Partnership Payment commitments</td> <td>3.5</td> <td>6.3</td> <td>60.2</td> <td>70.0</td> </tr> </tbody> </table>	BESS					Table 1A (\$ millions)	2021-22	2022-23	2023-24	Total	Estimated total budget	0.0	45.0	0.0	45.0	Less estimated National Partnership Payments	0.0	15.0	0.0	15.0	Balance of estimated non-National Partnership Payment commitments	0.0	30.0	0.0	30.0	Microgrid roll-out					Table 1B (\$ millions)	2021-22	2022-23	2023-24	Total	Estimated total budget	3.5	11.3	70.2	85.0	Less estimated National Partnership Payments	0.0	5.0	10.0	15.0	Balance of estimated non-National Partnership Payment commitments	3.5	6.3	60.2	70.0
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Additional terms	1. The Northern Territory Government will endeavor to ensure the BESS provides essential system services to the market when most needed and offers services at regulated or competitive market rates.																																																		

2. Commonwealth financial assistance will be used to support up to 10 remote First Nations microgrid projects subject to a detailed business case aligned with the Northern Territory Project Development Framework and Infrastructure Australia's Assessment Framework (with the exception of the Wurrumiyanga microgrid pilot). Funding may be used to develop business cases and provide seed capital to crowd in investment to advance microgrid deployment across identified sites. Non-National Partnership Payment commitments may be in part represented in the form of NT PPA commitments; it is not mandated that the NT provide upfront capital to support the deployment of microgrid projects.
3. Commonwealth funding will be provided directly for use on the target projects and will not be used for departmental expenditure of the Northern Territory Government.
4. Once the BESS and microgrid projects are complete, the Northern Territory Government will provide completion reports outlining expenditure, outcomes, performance and analysis of benefits achieved against expectations after 2 years of operation.

32.6MW/34.7MWH BESS**Table 2: Performance requirements, reporting and payment summary****Objective:** Design, install and commission a BESS with a total capacity of approximately 32.6MW/34.7MWH

Output	Performance milestones	Report due	Payment
Report 1: Progress report on BESS procurement and Practical Completion	Provision to the satisfaction of the Commonwealth of a report covering progress to deliver the BESS including: <ul style="list-style-type: none">• Tender evaluation report including number of tenderers, number shortlisted and value for money assessment.• Signed procurement contract with agreed milestones and timeframes.• Detailed assessment of project delivery against expected milestones and requirements, including progress towards practical completion, estimated grid connection date, proposed operating model for the battery once commissioned, any significant changes, risks or issues, and proposed handling of these.• Evidence of non-National Partnership Payment commitments as per Table 1A.	16/6/2023	\$15m

Microgrid roll-out in remote First Nations communities

Table 3: Performance requirements, reporting and payment summary

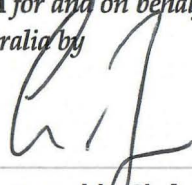
Objective: Develop business case, design, install and commission microgrids in First Nations communities serviced by the Indigenous Essential Services program.

Output	Performance milestones	Report due	Payment
Report 1: Progress report on developing microgrid projects including the Wurrumiyanga microgrid pilot project procurement	<p>Provision to the satisfaction of the Commonwealth a report for the procurement and progress of the Wurrumiyanga microgrid pilot project:</p> <ul style="list-style-type: none"> • Microgrid specifications and scope of works, costings analysis, budget, approach to delivery, workforce plan, expected environmental and socio-economic outcomes (incl estimated \$/MWh savings due to reduced reliance on diesel generation, tonnes of CO₂ saved and jobs created. • Tender evaluation report including number of tenderers, number shortlisted and value for money assessment. • Signed procurement contract with agreed milestones and timeframes. <p>Provision of the executive summary of the draft Business Case underpinning the Remote Power System Strategy.</p> <p>Evidence of non-National Partnership Payment commitments as per Table 1B.</p>	16/6/2023	\$5m
Report 2: Detailed business case	<p>Provision to the satisfaction of the Commonwealth of a report, or reports, constituting a detailed business case for microgrid projects in First Nations communities serviced by the Indigenous Essential Services program (Remote Power System Strategy). The report/s should provide the following information:</p> <ul style="list-style-type: none"> • Profiles of all relevant First Nations communities, including overview of the community, energy infrastructure, historical and forecast energy use. • Microgrid deployment approach, service need, strategic context, options analysis, program cost and risk, legal and regulatory considerations, economic analysis, financial analysis, market review, delivery model analysis, public sector comparator and implementation plan. • Key technical assumptions and methodology, and system topology option summaries. • Comprehensive strategy for engaging with relevant First Nations communities and their representatives as partners to co-design, deliver and maintain the microgrids. 	1/8/2023	\$1m

	<ul style="list-style-type: none"> Evidence of non-National Partnership Payment commitments as per Table 1B. 		
Report 3: Progress report	<p>Provision to the satisfaction of the Commonwealth of a progress report for the period of August 2023 to May 2024, including:</p> <ul style="list-style-type: none"> Detailed information on project delivery including any significant changes to the business case provided in Report 2, emerging risks or issues and proposed handling of these. Procurement plan and tender documentation for up to 10 remote microgrid projects, including signed contracts for deployment. Update on stakeholder engagement. Evidence of non-National Partnership Payment commitments as per Table 1B. 	30/5/2024	\$9m

The Parties have confirmed their commitment to this schedule as follows:

Signed for and on behalf of the Commonwealth of Australia by



The Honourable Chris Bowen MP
Minister for Climate Change and Energy

18 May 2023

Signed for and on behalf of the Northern Territory by



The Honourable Selena Uibo MLA
Minister for Renewables and Energy

19 May 2023