



**INVITATION
FOR
EXPRESSIONS OF INTEREST**

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1. DISCLAIMER

The terms set out in this Disclaimer apply to all information included in this Invitation and all other information from time to time provided or made available by or on behalf of Synergy to a person or group in relation to the Process being adopted by Synergy for the potential procurement of Capacity Credits, electricity, and Environmental Rights arising from WA based solar projects, all of which is together called the "**Information**".

Synergy, its employees, officers and advisers and their respective representatives are not liable in any way (including, but not limited to, by reason of negligence or negligent misstatement) to the Respondent, or any other person for any claims, losses, costs and expenses incurred by the Respondent or any other person:

- in relation to any aspect of the Process; or
- in evaluating or acting upon all or any part of the Information, in responding to all or any part of the Process or otherwise acting in reliance on all or any part of the Information; or
- arising out of, or in connection with, any omission from, or any change, modification, update of, or addition to, all or any part of the Information (including, without limitation, any claim, loss, cost or expense arising from the Interested Party or any other person not being made aware of the change, update, modification or addition); or
- arising out of or in connection with all or any part of the Information or their use of it or a failure to receive it or any changes, modifications, updates or additions to it (including, without limitation, any failure to correctly download or view any Information on the Synergy internet site).

Synergy may in its absolute discretion from time to time change, modify, update or add to all or any part of the information in the Information.

Synergy does not make any representation or warranty as to the accuracy, reliability, currency, completeness or suitability for any particular purpose or purposes of all or any part of the Information. If an Interested Party relies on any of the Information, it does so entirely at its own risk.

The Information reflects various assumptions about a number of matters, and refers to estimated information, opinions and information sourced from third parties. These assumptions, estimates, forecasts and any third party information may or may not prove to be correct and may change from time to time. The Information does not amount to a recommendation, either expressly or by implication, with respect to generation capacity and does not purport to contain all information that a Respondent may require. The Information may not be appropriate for all persons and it is not possible for Synergy and its respective representatives to have regard to the particular needs of each person who reads or uses the Information.

The Invitation and any materials issued by Synergy to correct or update the Invitation ("**Further Terms**") are to be read subject to this Disclaimer. The provisions of this Disclaimer take precedence over any other provision of the Invitation or any Further Terms, which is inconsistent with or otherwise conflicts with any provision of this Disclaimer.

2. GLOSSARY

Access Offer	means the offer from Western Power of an Electricity Transfer Access Contract and the associated interconnection works construction contract for the connection of the Proposed Project.
Capacity Credits	has the meaning given to that term in the Market Rules.
Capacity Year	has the meaning given to that term in the Market Rules.
Electricity Supplier	means a Preferred Respondent that enters into an ESC with Synergy.
Electricity Supply Contract (or ESC)	means the contract for the procurement of Capacity Credits, electricity, and Environmental Rights intended to be or actually entered into between Synergy and a Preferred Respondent.
Environmental Rights	means RECs and any labelling or promotional rights and any future right, instrument, credit, mechanism, off-set or benefit created in respect of the Proposed Project.
Expression of Interest (or EOI)	means a submission made by a Respondent to Synergy as part of the Process in response to this Invitation.
Independent Market Operator (or IMO)	has the meaning given to that term in the Market Rules.
Information	has the meaning given to that term in the Disclaimer on page 1 of this document.
Invitation	means this document.
Market Generator	has the meaning given to that term in the Market Rules.
Market Rules	means the Wholesale Electricity Market Rules (as amended from time to time) made under the <i>Electricity Industry (Wholesale Electricity Market) Regulations 2004</i> (WA).
Preferred Respondent	means the Respondent(s) that Synergy selects to participate in commercial negotiation or a tender arising as part of the Process.
Process	This Invitation and any subsequent process by which Synergy may select a Preferred Respondent(s) and enter into an ESC.
Proposed Project	means the WA based, SWIS connected solar project proposed by the Respondent and any solar generating plant constructed by the Preferred Respondent arising as a result of the Process.
Renewable Energy Certificate (or REC)	means a certificate granted under the Renewable Energy (Electricity) Amendment Act 2009 (Cth) and associated regulations.
Respondent	means a person or group that receives the Invitation and that may or may not respond to this Invitation by lodging an Expression of Interest.

RET	means the Australian Government's renewable energy target under the <i>Renewable Energy (Electricity) Amendment Act 2009</i> (Cth).
Solar Flagships Program	means the Solar Flagships Program administered as part of the Clean Energy Initiative by the Australian Government Department of Resources, Energy and Tourism.
South West Interconnected System (or SWIS)	means the interconnected transmission and distribution systems, generating works and associated works located in the South West of Western Australia and extending generally between Kalbarri, Albany and Kalgoorlie.
Synergy	means the Electricity Retail Corporation trading as Synergy.
Western Power	means the Electricity Networks Corporation trading as Western Power.
Wholesale Electricity Market	has the meaning given to that term in the Market Rules.

3. INTRODUCTION

3.1 Purpose of this Invitation

The primary purpose of this Invitation is to invite Respondents that intend to make a submission to the Solar Flagships Program to express interest in potentially entering a commercial agreement with Synergy for the supply of Capacity Credits, electricity and Environmental Rights arising from a WA based solar generation power station.

The Respondent that intends to respond to this Invitation must have a project concept that is to be located in Western Australia and connected to the South West Interconnected System. This Invitation does not exclude a Respondent from submitting a response even if the Respondent does not intend to make a submission to the Solar Flagship Program provided that the Respondent meets other criteria outlined in this document.

Synergy intends to invite Preferred Respondent(s) to enter into negotiations or to participate in a tender process. Subject to agreeing suitable commercial terms and other criteria the parties may enter into an ESC(s).

Synergy stresses that it will only consider entering into an ESC on the basis that the Proposed Project offers commercial terms (on a risk adjusted basis) that it assesses to be better or comparable to the alternative means or options that it has available to satisfy its requirements for Capacity Credits, electricity and Environmental Rights.

Synergy will create a shortlist of Preferred Respondents as a result of this Invitation and will write a letter of support to assist their intended submission(s) for funding under the Solar Flagships Program.

The timing of the negotiations or tender may or may not be influenced by the timing of the Solar Flagships Program.

3.2 Western Australian renewable energy policy

The Government of Western Australia is seeking to expand the proportion of electricity generated in the State from renewable sources. This Invitation accords with the Government's policy.

4. SYNERGY'S REQUIREMENTS

4.1 Nature of the Proposed Project & ESC

Synergy wishes to procure competitively priced Capacity Credits, electricity and Environmental Rights arising from new eligible solar renewable generating project(s) that are SWIS connected. Any EOI will be judged relative to the range of alternatives available to Synergy to procure its requirements for Capacity Credits, electricity and Environmental Rights.

The minimum Proposed Project capacity is 0.5 MW. Synergy will not accept any response proposing less than 0.5 MW of installed capacity. The maximum Proposed Project capacity is approximately 50 MW. However, Synergy is willing to consider a Proposed Project with a capacity that is higher than 50 MW if a significantly attractive commercial case exists.

Synergy is favourably disposed to those ESCs that will not be classified as finance leases in Synergy's accounts.

Synergy is not averse to other parties being joint off-takers from the Proposed Project subject to acceptable commercial protections and conditions being put in place.

Synergy has included, in Annexure B, an indicative term sheet containing the key elements of the ESC. Under the terms of the ESC, Synergy proposes to pay a bundled rate per MWh for all project outputs (Capacity Credits, electricity and Environmental Rights).

4.2 Renewable energy and Environmental Rights

The primary objective of the Process is to provide the opportunity for Synergy to secure competitively priced renewable energy, including Environmental Rights, to meet its ongoing requirements.

The quantum of Capacity Credits, electricity and Environmental Rights that Synergy may procure through the Process will depend on various factors, including:

- Synergy's forecast of its electricity sales and hence its Environmental Rights demand;
- the expected outcome of the review of the Australian Government's RET in 2014;
- Synergy's anticipated contracting of non-solar renewable electricity between 2010 and 2015; and
- Synergy's desire for a balanced portfolio with respect to technology composition and the extent to which forecast future renewable liabilities are hedged.

4.3 Variation in Synergy's requirements

Synergy reserves the right to cancel, modify or delay the Process in its absolute discretion and at any time including its general right to cancel, modify or delay the Process.

4.4 Other details about the Process

Synergy will judge the competitiveness of any offer arising from commercial negotiations or tender as part of the Process relative to other renewable energy sources on a fully risk-adjusted basis. This risk adjustment will consider various factors including, but not limited to, the suitability of the daily and seasonal energy profile of the project, the degree of intermittency associated with the project and any additional costs arising in managing these or any other characteristics of the project.

Synergy has yet to decide whether the process to proceed with Preferred Respondent(s) will be through a negotiation or tender process. This decision will depend on various factors including, but not limited to, the number of Preferred Respondent(s) selected, the number of Preferred Respondent(s) that are successful under the Solar Flagships Program and the aggregate quantity of Capacity, electricity and Environmental Rights arising from the Proposed Project.

Preferred Respondent(s) will ultimately be required to provide evidence of arrangements that they have entered into with third parties, including for the following:

Project development	namely, the design, procurement, construction and commissioning of the Proposed Project by or on behalf of the Electricity Supplier.
IMO	namely, accreditation of the Capacity Credits of the Proposed Project.
Network access	namely, the terms and conditions of the Access Offer made by Western Power as evidenced by a full copy of the Access Offer.
Site purchase, lease or licence	namely, the arrangements under which the Electricity Supplier will be able to occupy its proposed site to build and operate the Project during the term of the ESC.
Financing	namely, the terms and conditions upon which the Electricity Supplier has obtained financing in respect of the Project.

If an ESC is entered into between Synergy and the Preferred Respondent, the Preferred Respondent will be required to provide to Synergy a financial bond equivalent in value to

the Capacity Credit security deposit that would be payable to the IMO under the Market Rules. When the Preferred Respondent provides the IMO with the security deposit as required, Synergy will relinquish the financial bond.

5. TIMELINE OF THE EOI COMPONENT OF THE PROCESS

This EOI associated component of the Process is intended to proceed as follows:

Step in the Process	Expected Date
The issue of this Invitation.	27 November 2009
Closing date for EOI.	15 January 2010
Short-listing of Preferred Respondents.	29 January 2010

6. INFORMATION REQUIRED FROM RESPONDENTS

6.1 Submission of an EOI

The Respondent is advised to familiarise itself with the information, requirements and conditions that pertain to this Invitation. The Respondent can submit an EOI by completing the prescribed form set out in this document and lodging it in the specified manner no later than the required lodgement date and time.

If the Respondent is a consortium, joint venture or other such association of parties, all participants must be named and a representative nominated as an authorised single point of contact for the Respondent.

An EOI submitted by the Respondent will not constitute an offer contractually binding on the Respondent, but will form part of the basis upon which Synergy may select Preferred Respondents.

The Respondent submitting an EOI will nevertheless be bound by the terms and conditions in this Invitation and when submitting the EOI each Respondent is taken to have warranted to Synergy that:

- the information contained in the EOI is true, accurate and not misleading; and
- the Respondent will inform Synergy immediately if at any time during the Process it becomes aware of any fact, matter or circumstance that makes, or could reasonably be expected to make, any part of its EOI untrue, inaccurate or misleading.

6.2 Lodgement

Two (2) hard copies of the EOI and all attached documents must be placed in a sealed package.

The sealed package must also include an electronic version of the EOI on a CD ROM in Microsoft ® Word 2003 format and any data in Microsoft ® Excel 2003 format. If these formats are unsuitable for some portion of the EOI content, Adobe Acrobat PDF format may be used for that portion.

The sealed package containing the EOI must be clearly marked:

Synergy Solar Power Expression of Interest
Mr Stan Reid
Wholesale Department

Synergy
228 Adelaide Terrace
PERTH WA 6000
From: [Respondent]

The sealed package containing the EOI should be lodged **in person** at the Ground Floor in the Potential Meeting Room, 228 Adelaide Terrace, Perth and should be lodged on:

Friday 15 January 2010, between 8:00a.m. and 10:00a.m. (AWST).

The Respondent **MUST NOT** mail the EOI response to Synergy but arrange for it to be hand delivered within the time period shown above.

6.3 Information required in an EOI response by a Respondent

Respondents, in submitting responses to this Invitation, are required to submit responses to each of the following items as set out in the tables in Annexure A of this Invitation, as follows:

- Respondent Information
- Power Project Development Experience
- Financial Capability
- Indicative Proposal
- Indicative Cost

As the responses to these items will form part of the EOI assessment process, the Respondent is advised that a failure to respond to all of the items may result in the Respondent not being selected at Synergy's discretion if Synergy is unable to form an acceptable judgement as to the overall merits of the EOI.

7. ASSESSMENT CRITERIA

Respondents will be assessed on their EOI responses to the Invitation as follows:

7.1 Mandatory requirement

In order to be considered, the Respondent must submit an EOI for a Proposed Project that represents a new eligible solar renewable source of electricity connected to the SWIS of not less than 0.5 MW of installed capacity.

7.2 Other assessment criteria

Synergy will assess EOIs that comply with the mandatory requirement on the basis of the following criteria:

- the risk associated with a Respondent, including Synergy's assessment of the technical, financial and administrative capability and experience of the Respondent to effectively complete the Proposed Project; and
- the size, technology, development and commercial risks associated with the Proposed Project.

8. CONTACT DETAILS

Mr Stan Reid
Wholesale Department
Synergy
228 Adelaide Terrace
PERTH WA 6000
Phone: (+61 8) 6212 1185
e-mail: stan.reid@synergy.net.au

9. GOVERNING LAW

The laws of Western Australia govern the Process.

10. ANNEXURE A

Respondent Information	
Full Name:	_____
Australian Business Number (ABN):	_____
Address of Respondent:	_____ _____ _____
Name of Representative:	_____
(being the authorised, single point of contact for the Respondent)	
Position of Representative:	_____
Telephone Number:	_____
e-mail Address:	_____
Notes:	
	By completing and returning this form, the Representative agrees for and on behalf of the Respondent that it has read, accepts and agrees to be bound by the terms and conditions set out in the Invitation and the Disclaimer set out on page 1 of that document.
Signed by the Representative:	_____
	For and on behalf of the Respondent
Date:	_____

Power Project Development Experience

Briefly describe the Respondent's involvement in the last five years in the development of renewable or non renewable power projects involving the designing, financing, constructing and/or commissioning of operating power projects (list no more than four examples) in Australia or overseas covering the following areas (if the Respondent has no projects which it has been involved in the design, financing, constructing and/or commissioning please indicate details of reference projects that utilise the same technology as the Proposed Project):

- project name and location;
- plant technology type and fuel;
- installed capacity, unit size, manufacturer and contact details
- capital cost of the project;
- debt and equity ratio of the project funding
- date on which the project commenced operations;
- specific role of the Respondent in the development and operation of the power project(s);
- the other participants (if any) and their specific roles in the development of the power plant and contact details;
- lead time to design, construct and commission; and
- date and details of completion success against budget, target completion date and acceptance performance parameters.

Financial Capability

- The following information on the Respondent:
- total company revenue and net tangible assets
- credit rating
 - If rated - latest credit rating, relevant rating agency, date of latest rating; or
 - If not rated - Total Debt/Total Capitalisation ratio and Funds from Operations/Total Debt ratio information.
- audited financial statements for the company for the last 2 years
- Intended approach to financing the Proposed Project.
- How much equity is currently available to develop the Proposed Project
- If the preference is to use project finance, indicate the likely level of the intended equity contribution to be made by the Respondent as a proportion of the total equity requirement of the Proposed Project, and the intended role to be played by the Respondent in the construction and operational phases of the Proposed Project.

Indicative Proposal

- Type of solar generation technology type to be utilised in the Proposed Project and a description of the technology and its characteristics.
- Total installed operating capacity of the technology to be utilised in the Proposed Project (globally and/or Australia)
- Indicative installed location of the Proposed Project.
- To the extent known, who will be the technology provider, constructor, owner, operator and maintainer of the Proposed Project.
- Installed net capacity, Capacity Credits (under the WEM market rules as at the date of the release of this EOI, electricity and Environmental Rights to be created by the Proposed Project.
- Electricity output (including an excel spreadsheet showing the profile of electricity generation by month and trading interval in MWh per trading interval assuming average weather conditions for the proposed location or reference point).
- Performance degradation due to temperature and asset life.
- The extent to which performance warranty will be provided, by whom and any associated conditions.
- Description of the maintenance requirement of the Proposed Project, including an indicative outage regime.
- The extent of discussions that have occurred with Western Power regarding the Access Offer.

Indicative Cost

- Total project capital cost (include network connection and balance of plant capital items).
- Operating cost per MWh (and profile over the Proposed Project life).
- Indicative price per MWh to be offered to Synergy in ESC.

11. ANNEXURE B

Benchmark ESC - Terms Sheet

This Terms Sheet sets out the key commercial terms of Synergy's benchmark ESC applicable for a solar project.

Parties	(i) Synergy; and (ii) the Seller.
Key commercial terms	Supply Term – [to be negotiated (“tbn”)] – see below Contracted Capacity – [tbn] Reference Plant – [This is the proposed plant] Bundled Rate [tbn] \$/MWh
Conditions Precedent	[Note: tbn.]
Term	15 to 20 years [Note: Synergy welcomes offers for a lesser period subject to the value proposition associated with such a term]
Capacity Credits and Contracted Capacity	(i) The Seller must maintain the Reference Plant for the term of the contract with a specified Contract Capacity. (ii) The Seller must allocate the number of Capacity Credits equivalent to the Contracted Capacity to Synergy (or a person designated by Synergy), Contracted Capacity Credits. (iii) At all times during the Supply Term, the Seller must hold and maintain (or ensure a third party holds and maintains) a number of Capacity Credits equivalent to the Contracted Capacity Credits. (The Contracted Capacity Credits are determined by applying the IMO methodology to the Contracted Capacity from the Reference Plant.) (iv) Rights in the Contracted Capacity Credits are the property of Synergy and the Seller must not sell or otherwise deal with those rights.
Energy	(i) Synergy may nominate energy (including for the benefit of a third party). (ii) The Seller must make Bilateral Submissions consistent with Synergy's nominations.
Contract Payments	(i) Synergy will pay on the basis of the Bundled Rate. The payment will be calculated by multiplying the Bundled Rate and the net output in the relevant period as measured at the meter. (ii) Adjustments will be made to this payment for: <ul style="list-style-type: none"> • Contracted Capacity Credits in Synergy's Capacity Nominations which are incorrectly allocated (or left unallocated) by the Seller; (payable by the Seller) • net balancing charges to or from the market as a result of a Bilateral Submission, other than those which arise from plant performance, (payable by Synergy); and • balancing charges or payments paid to the Seller from the IMO (payable by the Seller). <p>[Note: Synergy pays the Bundled Rate and receives from the Seller any payments it receives in respect of that energy from</p>

	the market; ie the IMO.]
Indexation	(i) The Bundled Rate is varied by a specified proportion of changes in Perth CPI.
Market Price Risk Management Mechanism	[Note: Synergy welcomes potential price risk sharing mechanisms as options for discussion with the Seller.]
Environmental Rights	(i) Synergy is entitled to all Environmental Rights (including rights that are not contemplated at the time the contract is agreed) in respect of the Reference Plant. (ii) The Seller must seek to maximise Environmental Rights.
Assignment	(i) Neither party may assign its interest in the ESC without the other party's prior written consent, which must not be unreasonably withheld or delayed. (ii) The Seller may not assign its interest in the ESC and the Reference Plant to separate assignees.
Force Majeure	(i) Both Synergy and the Seller may claim the benefit of Force Majeure in respect of defined events of Force Majeure under the ESC. If either party claims the benefit of Force Majeure, it will be relieved from its affected obligations to the extent affected.
Change in Law	(i) The Seller is entitled to pass through the costs of a Change in Law to Synergy. This pass through is subject to a number of limits, including the extent to which Synergy is able to pass that cost through to customers. (ii) Change in Law under the ESC includes: <ul style="list-style-type: none"> • a carbon tax; and • a law relating to occupational health, safety and welfare.
Change in Market Rules	(i) If there is a Change in Market Rules, no amendment will be made to the ESC that alters the Capacity Rate or Energy Rate. (ii) If there is a Change in Market Rules, the parties must meet to negotiate the minimum necessary amendments required to allow the ESC to be administered in the same manner as it was prior to the change.
Legal Costs	The Seller will be required to reimburse Synergy for legal costs incurred by Synergy in connection with the drafting and negotiation of the ESC. The ESC will set out a formula to enable the Seller to recover these costs over the Term.