

Electricity generation licence application form

Purpose of this form

This form must be completed by persons applying to the Essential Services Commission (the commission) for a licence to authorise electricity generation in Victoria. Electricity generation includes battery energy storage systems.

Basis for this form

Section 18 of the *Electricity Industry Act 2000* (the Industry Act) provides that a licence application must be made in a form approved by the commission. This is the form approved by the commission.

Use of this form and the applicant's responsibilities

A licence application may be made by any legal person including, without limitation, individuals, incorporated associations, unit and other forms of trusts and corporations. Entities that are not a legal person (for example, an unincorporated joint venture or a partnership) cannot apply for a licence.

For the purpose of this application form, reference to the term "Officer" includes the applicant's directors and secretary, and other persons who make or participate in making decisions that affect a substantial part of the business (for example, Chief Executive Officer, Chief Financial Officer or General Manager).

The applicant should list the information requested in the spaces provided in this form and enclose additional information when required.

The applicant must take all reasonable steps to ensure the information provided in the application form is complete, true and correct.

An officer of the applicant is required to make a declaration to this effect in the application form. Failure to disclose information or misrepresent any matter relevant to such information may result in a licence not being issued or in the revocation of a licence later.

It is a criminal offence under section 61A of the *Essential Services Commission Act 2001* to provide the commission with false or misleading information or documentation.

The applicant is responsible for providing the commission with current, accurate and relevant documentation. It is the applicant's responsibility to make all reasonable inquiries to obtain the information requested by this form.

Providing accurate and relevant information and a complete application (answering all questions and providing all information) will assist in timely processing of an application. All applications are assessed on a case-by-case basis. If insufficient information is provided with an application, we will contact the applicant about the requirement for additional information to be submitted before the application is considered further.

Prior reading

It is expected that the applicant has read our [Guideline: Applications for electricity and gas industry licences](#) before completing this form.

It is the applicant's responsibility to ensure its compliance with legal obligations when applying for a licence.

Licence conditions

Section 20 of the Industry Act authorises the commission to issue licences subject to conditions as decided by the commission. Licences are published on our [website](#). We recommend the applicant familiarise itself with the relevant standard conditions and be confident that it can comply with those conditions prior to applying for a licence.

Further information

The applicant should note that we may ask for further information, or to clarify the information that the applicant has already provided with the application.

Consultation and confidentiality

We will consult with relevant government, industry and consumer groups on the licence application through a public consultation process. Applications and/or supporting information that is not confidential will be made available on our website.

If the applicant believes that any information provided as part of its application is confidential or commercially sensitive, it is the applicant's responsibility to clearly identify this information on those documents. The applicant should also provide a 'non-confidential' version of the application form and documents for publication on our website.

How to lodge an application

The applicant may send the completed application form electronically (preferred) or in hard copy to:

Electronically: licences@esc.vic.gov.au

Hard copy: Market Operations, Energy Division
Essential Services Commission
Level 8, 570 Bourke Street
Melbourne VIC 3000

Large files

Applicants generally need to send us large files which is often not suitable via email. Please contact us at licences@esc.vic.gov.au to discuss alternative options to provide an application to the commission.

Application fees and annual licence fees

The commission has the authority to set a licence application fee. Currently, there is no application fee.

Holding a licence incurs annual licence fees. Refer to the commission's [Guideline: Applications for electricity and gas industry licences](#) for more information regarding annual licence fees.

1. General Information – The Applicant

The applicant must answer all questions in this section.

1.1 Legal name of applicant

State the full legal name of the applicant. The applicant is the person who will be generating electricity and/or selling (wholesale) electricity that will be the subject of the licence.

Name: KESS ProjectCo Pty Ltd ATF The KESS ProjectCo Trust

1.2 Legal identity of applicant

Provide the applicant's ABN and ACN (where relevant) and information about the applicant (for example, whether the applicant is a private limited company, trust, or joint venture).

ABN:

ACN: 667 691 698

Type of entity: Propriety
Company

1.3 Contact details and address of the applicant

The applicant	
Business address: Level 1, 34-35 South Steyne	
State: NSW	Postcode: 2095
Postal address (if different):	
State:	Postcode:
Full name of contact person: [REDACTED]	
Position title: Technical Lead	
Telephone: [REDACTED]	Mobile: [REDACTED]
Email: [REDACTED]	

1.4 Diagram of corporate and organisational structure

Attach a diagram illustrating the corporate structure, including details of any related companies within the meaning of the *Corporations Act 2001* and the organisational chart. Provide a diagram of the:

a) corporate structure (including any parent and related companies within the meaning of the *Corporations Act 2001*), and

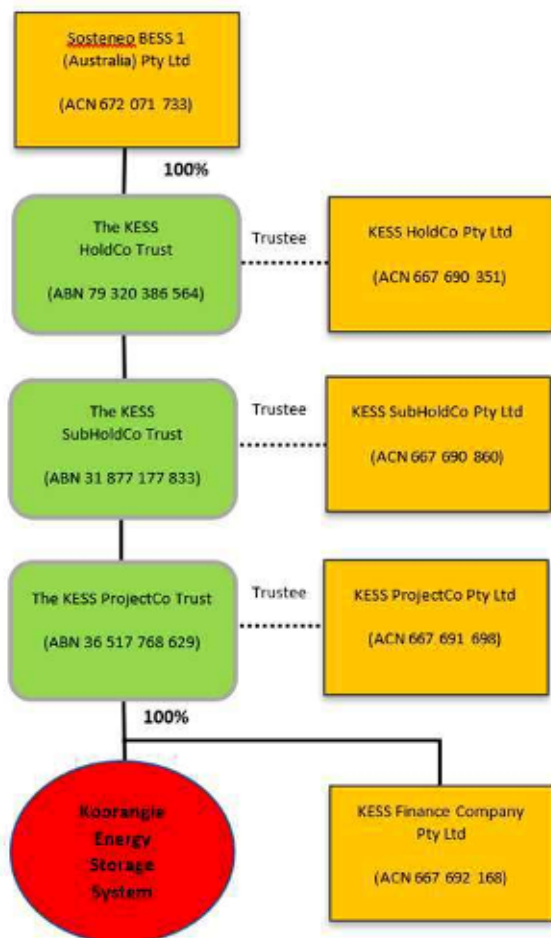
Attachment reference: *see below*

b) organisational chart (including composition of the board, management, and other key personnel responsible for the key functions).

Attachment reference: *see below*

The below organizational structure shows the relationship between the applicant (KESS ProjectCo Pty Ltd ATF The KESS ProjectCo Trust) as the owner of the energy storage facility related parent companies.

Sosteneo BESS 1 (Australia) Pty Ltd [ACN 672 071 733] is a subsidiary of Sosteneo Fund 1 HoldCo S.A.R.L. (No. B275262) which is incorporated in Luxembourg and is the ultimate holding company.



There are two office holders of the applicant being:

- [REDACTED] (Director)
- [REDACTED] (Director)

While the applicant as the owner of the facility has the ultimate control over the facility, it is noted that the project has in place an agreement which provides that Shell Energy Retail will be the intermediary and thereby has control of the generation of electricity from the facility.

1.5 The licence

The applicant must answer all questions in this section.

If the applicant is seeking for a licence to be issued by a certain date, identify this date. **Note: we do not undertake to issue the licence by this date.** The applicant should usually allow a minimum of eight to 10 weeks **once we consider the application to be complete.** An application is considered complete once we have all the information needed for the commission to make a decision. In other words, when we have no need to request further information from the applicant. This includes a public consultation period of four weeks (generally) as part of our consideration of licence applications.

Provide details on the following:

Date from which license is sought: 1 November 2024

Type of generation: Battery energy storage system (BESS)

Expected name plate capacity: 185 MW / 370 MWh

Location of generation facility: -35.726839, 143.754323 Kerang-Quambatook Rd, 15km West of Kerang, Vic

Details of how the generator will be connected to the network:

AusNet are constructing and operating a new 220kV terminal station (Koorangie Terminal Station [KOTS]) which is being constructed between the existing Kerang and Wemem Terminal Station.

The BESS will be located immediately adjacent to this terminal station and will connect to the terminal station at 220kV.

The BESS scope includes a 220/33kV transformer to reduce voltage to station reticulation level.

2. Technical capacity

The applicant must answer all questions in this section.

2.1 Experience and knowledge of the industry

Provide information about the human resources available to the applicant. This includes:

- a) The experience and qualifications of those employees outlined in the organisational chart (see 1.4b);
- b) If the applicant will employ contractors or agents to assist with the licensed activities, the name of those contractors or agents, details about the experience of the contractors or agents in such operations and details of the processes in place to ensure the contractors or agents comply with the licence conditions, including relevant regulatory obligations

Where the applicant is relying on a third party to provide staff and/or resources to meet the technical capacity requirements of the generation and wholesale licence, provide:

- c) the experience and qualifications of any relevant key employees who will manage those systems and processes;
- d) if the applicant will engage third parties to assist with the licensed activities, provide the following information in relation to each third party:
 - (i) the name of that third party
 - (ii) the scope of activities undertaken by the third party
 - (iii) details and copies of any agreements for the provision of services
 - (iv) details about the experience of the third party in relation to the activities that it will be undertaking, including any accreditations
 - (v) details of the processes in place to ensure the third party complies with the licensee's regulatory obligations.

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The applicant for the electricity generation license is the owner of the battery energy storage facility being KESS ProjectCo Pty Ltd ATF The KESS ProjectCo Trust.

KESS ProjectCo Pty Ltd is a vehicle which has been established solely for the purposes of the project and has no employees.

KESS ProjectCo Pty Ltd ATF The KESS ProjectCo Trust has in place a number of agreements with third parties which enable it to operate and manage the electricity storage asset and undertake the licensed activities. Details of these agreements are in the following sections. Overall supervision of KESS ProjectCo Pty Ltd is undertaken by the two directors who are:

- *██████████ - ██████████ is Managing Partner and CIO, Asia Pacific, of Sosteneo Infrastructure Partners. He is responsible for leadership of the firm and overseeing the investments across APAC. He is a member of the Board of Directors and the Investment Committee. ██████████ has extensive experience in the renewable energy sector, including setting up and serving as the inaugural CEO of the Australian Renewable Energy Agency (ARENA) with A\$3.2 billion funding at the time, and holding various high-profile*

board and advisory roles in the clean energy sector since, including being a member of the Board of Directors for CleanCo Queensland. Previously, █████ led cleantech investing at Starfish Ventures, which was Australia's largest venture firm at the time of his tenure.

- █████ - █████ is Investment Director at Sosteneo Infrastructure Partners, responsible for investment strategy for Australia and New Zealand and managing investments from origination to exit. █████ has over 17 years experience in supporting his clients develop, finance, buy and sell clean energy infrastructure assets. In addition to Koorangie, other project experience in Australia includes Templers BESS, Kiamal Solar Farm, Western Downs Solar Farm, Edenvale Solar Farm, Hillston Solar Farm, Nevertire Solar Farm, Childers Solar Farm, Susan River Solar Farm, Hornsdale Wind Farm and Willogoleche Wind Farm.

As noted, details of the third-party agreements and counter parties to these agreements (including the relevant capability and experience of these companies) are provided below. The agreements have also been attached to this application for reference.

Asset Manager – Edify Energy Pty Ltd

KESS ProjectCo Pty Ltd ATF The KESS ProjectCo Trust has engaged Edify Energy Pty Ltd under an Asset Management Agreement (AMA) to manage the project and assets overall. Edify Energy was the original developer of the project and is an experienced developer and manager of power generation and storage assets in Australia. This includes the nearby Gannawarra Energy Storage System and Gannawarra Solar Farm which both hold existing generation licenses.

Under the AMA Edify is responsible for managing the key construction and commissioning contracts for the project and then for managing the projects in operation. This includes managing the contract for the physical operation of the facility which will be undertaken by Tesla Motors Australia as described further below. Other items included in the scope of the AMA include:

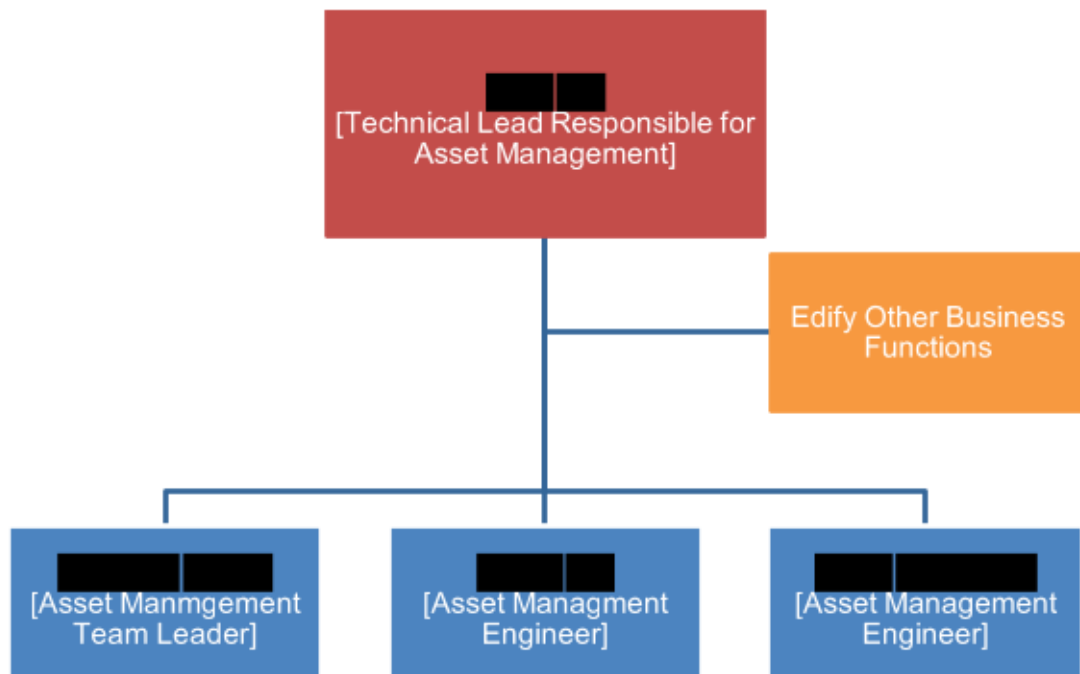
- Managing compliance with the NER and Generation License.
- Reviewing plant performance.
- Financial management of projects.
- Ensuring NEM compliant metering installations are maintained.
- Managing land arrangements
- Interface with the Transmission Network Service Provider.
- Provide a 24/7 remote operations control room to monitor and control the BESS.

Edify Energy is experienced in the development and management of power generation assets. We have developed and are currently managing the following generators in the NEM under a similar model to that proposed for Koorangie Energy Storage System:

- Daydream Solar Farm
- Hayman Solar Farm

- Whitsunday Solar Farm
- Hamilton Solar Farm
- Darlington Point Solar Farm
- Gannawarra Solar Farm
- Darlington Point Energy Storage System
- Riverina Energy Storage System 1
- Riverina Energy Storage System 2
- Gannawarra Energy Storage System

The following organization chart shows the structure of the asset management team with Edify Energy. A description of the team's relevant experience and qualifications is provided below.



■■■■ - ■■■■ is a technical leader within Edify Energy and has overall responsibility for the Asset Management function of the company. ■■■■ is a qualified mechanical engineer who has worked in the power generation industry for over 15 years across a range of roles including project development and asset management. For the past 5 years ■■■■ has been responsible for the management of the projects in operation across the Edify Energy Portfolio.

He has a deep understanding of the operation of the electricity system and electricity markets in Australia and understands the requirements and challenges of operating generation assets.

■■■■ leads a team of exceptional engineers responsible for various aspects of the management of the assets.

■■■■■■■■■■ - ■■■■ is a passionate solar energy enthusiast who has worked for over 15 years in the renewable energy industry in Europe and Australia. He originally gained experience from being involved in the design and construction of utility scale solar farms and then

transitioned to a leadership role in the operation and maintenance of several utility-scale solar farms. [REDACTED] has a record of successfully managing on-site operation and maintenance and has extensive knowledge in technical operation and data-driven performance optimisation. As the Asset Management Team Leader he is responsible for Edify's operational solar farms and battery storage systems, including contract managing and coordinating with all relevant stakeholders.

[REDACTED] - [REDACTED] is an engineer with a Masters of Sustainable Built Environment and Bachelor of Photovoltaics and Solar Energy Engineering which she studied at UNSW. She is also certified as a CEC Grid-connect Designer and registered as an IS (Infrastructure Sustainability) Accredited Professional.

[REDACTED] has been part of the Edify team for 5 years where she has been involved both in the development and operational management of solar and BESS assets. [REDACTED] has an in-depth knowledge of the operation of the power market and is experience in the establishment and management of IT system required to operate generators and to interface with AEMO. She is experienced in the trading of electric in the NEM and responsible to manage the SCADA, MMS, Self-Forecasting and Auto-bidder systems used in the Edify portfolio. [REDACTED] is also responsible for the analysis of solar performance data in order to translate data into actionable information to improve asset performance and operations.

[REDACTED] is also taking a leading role in coordinating the recently established cyber-security group within Edify working to identify and mitigate risks of cyber threats to our portfolio and ensuring compliance with relevant legislation and adopted standards.

[REDACTED] - [REDACTED] is an engineer who has been working for more than a decade in the renewable energy industry. [REDACTED] has significant experience in diverse markets including South America, Europe and Australia. Totalling more than 1GWp of experience on landmark solar projects, [REDACTED] has gained in-depth experience with major participants in the industry, successfully managing the EPC works and O&M operations.

As part of the Asset Management team at Edify, [REDACTED] is responsible for managing the portfolio's solar farms and battery storage systems ensuring compliance with contracts, regulations, and fostering positive relationships with clients and subcontractors. In particular [REDACTED] plays a leading role on management of O&M contractors ensuring they are meeting their contractual obligations in regards to safety and environment, compliance with connection agreements, preventative maintenance programs and reactive maintenance. Issac also leads a number of additional technical investigations to identify risks and opportunities for the projects over and above the responsibilities of the O&M contractor.

Other Business Functions - In addition to the core asset management team Edify Energy also has a wider team of professionals involved across the development and construction of generation projects. This includes functions such as the finance team who are responsible for accounting and financial management of the projects and grid specialists who are usually involved in the connection studies for assets. These resources can be called on to assist with specific issues as required.

BESS Supply Agreement – Tesla Motors Australia Pty Ltd

Tesla Motors Australia Ptd Ltd (Tesla) Have been engaged as the supplier of the main BESS technology for the project. Under this Agreement Tesla will supply, delivery and commission the BESS unit including the site control system. Tesla have supplied and commissioned over 1 GWh of BESS in the NEM including:

- *Hornsedale Power Reserve*
- *Lake Bonney BESS*
- *Bulgana BESS*
- *Gannawarra BESS*
- *Victorian Big Battery*
- *Wallgrove Grid Battery*
- *Darlington Point BESS*
- *Bouldercombe BESS*

EPC Contract (Balance of Plant) – Consolidated Power Projects Pty Ltd

The Project has engaged Consolidate Power Projects Pty Ltd (CPP) as a balance of plant EPC contractor for the project. Under this agreement CPP are responsible for the design, procurement and construction of the overall BESS (excluding only the supply and commissioning of the Tesla Megapacks). This includes the design and supply of the main power transformer, unit transformers and all 33 kV switchgear. CPP are the principal contractor for the site during construction and are responsible for the electrical design of the facility. CPP will be responsible for general site commissioning including first energization of the facility.

CPP is a highly experience electrical works contractor in Australia including in Victoria having completed electrical works for numerous renewable energy generation and battery storage projects as well as electrical substations. See their website for details of their projects (<https://www.conpower.com.au/projects-explorer/>).

Operations and Maintenance – Tesla Motors Australia Pty Ltd

The plant will be operated and maintained by Tesla Motors Australia under a Long-Term Services Agreement. The scope of this agreement includes:

- *Undertaking preventative maintenance across the entire BESS including balance of plant equipment such as the 33/220kV transformer.*
- *Reactive maintenance to repair faults.*
- *Operation of HV switching for preventative and reactive maintenance.*
- *Preparation and compliance with a Health Safety and Environment management plan.*
- *Compliance with connection agreement, planning approvals and other application laws.*

Tesla are the OEM providing the megapacks in the plant and are an experienced O&M contractor for multiple storage plant across the NEM. Tesla has a current operation and maintenance management portfolio consisting of eight operating sites across Australia, with three currently full scope, remainder service only. Specifically in this case VBB operations in Victoria, relevant to KBESS location-Totalling +1GWh operational in NEM.*

- *Hornsedale Power Reserve**
- *Lake Bonney BESS*

- *Bulgana BESS*
- *Gannawarra BESS*
- *Victorian Big Battery**
- *Wallgrove Grid Battery*
- *Darlington Point BESS**
- *Bouldercombe BESS*

Tesla provide O&M Services through an Australia wide team of specialist technicians including:

- *Delivery of Performance Guarantees*
- *EHS*
- *Permit to work system-Permit Authority*
- *Training-OEM and 3rd Party*
- *Scheduling*
- *Program implementation*

They maintain the capability and expertise to perform preventative and reactive maintenance across the following equipment types and scopes:

- *Tesla BESS units*
- *Distribution Transformers*
- *Transmission Transformers*
- *GIS*
- *AIS*
- *Protection Relays*
- *UPS*
- *SCADA and Telemetry including Power Quality analysis*
- *Reactive maintenance, and DLP support for BESS and third party equipment as listed above*
- *Procedures/Process'*
- *Tooling*
- *Training*
- *Co-ordination of commissioning support team execution*
- *Interpretation of design implications for Australian markets using HAZOP and CAZOP through safety in design.*
- *Application of Asset management best practices, including development of asset management plans.*

- *Monthly client performance reporting.*
- *Interfacing with OEMs to ensure full life cycle support of third-party equipment.*
- *RCA and FMEA to apply corrective actions in reducing plant down time.*
- *TNSP interaction throughout Australia to coordinate planned outages safely and efficiently.*

The Tesla LTSA includes appropriate provisions to ensure that Tesla comply with appropriate laws and licenses and other project obligations such the connection agreement. Tesla is experience in working both in Victoria and with utility scale NEM connected power generation and has in place standard procedures to manage their obligations. Tesla will be monitored by the Asset Manager to ensure they meeting these obligations.

Financial Responsible Market Participant – Shell Energy Retail Pty Ltd

The Project has in place a Battery Storage Service Agreement (BSSA) with Shell Energy Retail Pty Ltd (Shell). Under this agreement Shell are responsible for the following activities relating to the trading and settlement of electricity:

- *Will be the Registered Participant under the NER.*
- *Responsible for submission of offers and availability (Trading)*
- *Responsible for settlement of electricity with AEMO.*

Shell is an experienced market participant in the NEM having a number of existing registered generators. Shell employs a dedicated trading team responsible for submission of offers and availability for the portfolio of generators which it controls.

This includes the Riverina Energy Storage System 1 60MW BESS in NSW which is also managed by Edify under very similar arrangements.

Attachment reference:

The following documents are attached:

- *Asset Management Agreement.*
- *Long Term Service Agreement.*
- *Battery Energy Storage Service Agreement.*

2.2 Risk management

- Provide confirmation and evidence that the applicant has identified the risks associated with electricity generation and wholesale operations. Additionally, provide evidence that the applicant has established, utilised and relied upon risk management systems and processes which are adequate, accurate and current to address those risks.
- Provide a copy of the applicant's risk management strategy. A statement should also be provided (or supporting document must make it clear) whether the strategy has been developed in line with any Australian or International Standard (for example, ISO 31000:2018).

c) Provide a copy of a risk register that identifies risks, controls and mitigations.

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Edify Energy who has been responsible for the development, is responsible for the construction management and will be responsible for the asset management has over the course of development of 1 GW of generation assets demonstrated that it is extremely well versed in the management of risk and has put in place appropriate mitigation measures for key risks for the KESS project.

Overall Risk Register

Edify Energy has developed a project risk register which follows industry standard approach to identify risks, rate risks via likelihood and consequence, develop mitigations and then re-rate the risks to ensure they reach an acceptable level.

We have attached the project risk register.

Design and Construction Risk Assessment

Edify recognizes that many of the risk associated with electricity storage or generation assets can best be manage in the design stage of the projects and are best identified by specialists undertaken design and construction. It is therefore central to our approach to risk management that appropriate reviews are undertaken at suitable stages during the design phase and we include the requirement for our EPC contractor to undertake specific safety in design reviews. Edify will actively participate in these workshops which are hosted by an independent person from the design team. These workshops occur in a number of stages and focus both on hazards which may present during either construction or operation.

Specifically for this project the following workshops have been completed:

- *HAZCON – Detailed Civils*
- *HAZCON – Roadworks, Bulk Earthworks and Drainage*

A HAZCON for Mechanical and Electrical Installation is due to be completed within the coming weeks. Following completion of each workshop the identified risks are added to the overall risk construction phase register which is maintained by the EPC Contractor. Details of the workshops to date and the latest construction phase risk register are attached.

This approach to risk management is in line with ISO 31000. ISO 31000, ISO 31004 and ISO 31010 are nominated standards in the EPC Contract to which the contractor must comply.

Operational Risk Assessment

Tesla as the O&M Contractor will undertake a risk assessment as required under their safety management plan prior to mobilizing to site. This will follow a similar approach to above risk assessments and will form the basis of work procedures and PPE requirements for the relevant tasks.

Risk Management Strategy

The company's overall approach risk management strategy is described and governed by the

companies Critical Infrastructure Risk Management Plan. This plan is attached, and we confirm that this plan has been developed in line with ISO 31000:2018 - Risk management — Guidelines.

Attachment reference:

- *KESS Overall Risk Register.pdf*
- *KESS Construction Phase Risk Register.pdf*
- *KESS Risk Workshop_Detailed Civil.pdf*
- *KESS Risk Workshop_Bulk Earthworks.pdf*
- *KESS Critical Infrastructure Risk Management Plan.pdf*

2.3 Registration with the Australian Energy Market Operator and generator performance standards

Advise if the applicant will apply to register with the Australian Energy Market Operator (AEMO). If so, provide evidence of registration or exemption, or intending registration or exemption (for example, correspondence between the applicant and AEMO). If the applicant is not registering with AEMO, describe why that is the case.

Provide confirmation from AEMO that proposed negotiated generator performance standards will meet requirements for power system security and reliability under the National Electricity Rules.

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As noted in Section 2, the project has in place a Battery Storage Service Agreement (BSSA) with Shell Energy Retail Pty Ltd (Shell). Under this agreement Shell are required to be the Registered Participant under the NER. This application is being made in parallel to this application.

AS the applicant (KESS ProjectCo Pty Ltd ATF The KESS ProjectCo Trust) will be involved in the operation of a generator, it is a requirement to apply for an exemption to registration as a generator which is being undertaken in parallel to this license application. The basis of the exemption is Shell acting as an intermediary, which is the approach we have undertaken on numerous occasions in the NEM previously.

We can confirm the Generator Performance Standards have been agreed with AEMO, and the 5.3.4A and B letters received in Sept 2023. This is attached.

2.4 Licences held in other jurisdictions

If the applicant holds, or has previously held, electricity and/or gas licences or authorisations in other jurisdictions provide details. If a licence or authorisation previously held has been suspended or cancelled, provide details.

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Not Applicable

2.5 Previous unsuccessful licence applications in other jurisdictions

Confirm whether the applicant has applied for an electricity or gas licence in another jurisdiction and not been issued with a licence or authorisation, provide details.

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Not Applicable

2.6 Licences held by associates of the applicant.

If an associate (within the meaning of the *Corporations Act 2001*) holds an electricity or gas licence in Victoria or in other Australian jurisdiction, provide details.

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Not Applicable

2.7 Compliance management

- a) Provide evidence of compliance management which demonstrates how the compliance systems the applicant has (or will have) in place will ensure compliance with all the relevant regulatory obligations required by an electricity generation licence.
- b) Provide a copy of the applicant's compliance management strategy. A statement should also be provided (or supporting document must make it clear) whether the strategy has been developed in line with any Australian or International Standard (for example, AS ISO 19600:2015).

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Please see attached KESS – Compliance Management Plan which outlines the applicant's compliance management strategy. This plan/strategy has been developed in line with AS ISO 19600:2015 Compliance management systems.

Attachment reference:

- *KESS – Compliance Management Plan.pdf*
- *KESS AEMO 5.3.4 A Letter.pdf*
- *KESS AEMO OC 5.3.4A Letter.pdf*
- *KESS Generator Performance Standards.pdf*
- *KESS Permits DOR.pdf*
- *KESS Grid Connection DOR.pdf*
- *KESS [REDACTED] Compliance Register for Operations.pdf*

2.8 Material agreements

Provide copies of agreements entered into, or intended to be entered into, by the applicant that are material to the undertaking of the electricity generation activity. Agreements that are material to the undertaking of the electricity generation activity may include:

- a) Connection agreements, such as a Generator Connection Agreement and Generator Project Agreement with a generation facility.
- b) Any contract concerning the construction and delivery of the project (sometimes commonly referred to as a Project Construction and Coordination Deed (PCCD) or Engineering, Procurement and Construction Agreement).
- c) Any Network Services Agreements.
- d) Any contracts concerning the managerial aspects of the activity (sometimes commonly

- referred to as a Management Services Agreement or Asset Management Agreement).
- e) Any contract concerning the ongoing operations and maintenance of the transmission assets (sometimes commonly referred to as an Operations and Maintenance Agreement).
 - f) Any contract concerning the sale of electricity from the generator under a Power Purchase Agreement.

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Attachment reference:

The following Material Agreements are attached to this application. Commercially Sensitive information has been redacted where appropriate.

- *KESS Use of System Agreement.pdf*
- *KESS Project Construction and Coordination Deed.pdf*
- *KESS Sale and Purchase Agreement.pdf (For the supply and commissioning of Tesla Megapacks).*
- *KESS BoP EPC Contract.pdf (For the engineering, procurement and construction of the facility excluding the BESS supply and commissioning)*
- *Asset Management Agreement.pdf*
- *Long Term Service Agreement.pdf*
- *Battery Energy Storage Service Agreement.pdf*
- *System Services Agreement.pdf (Agreement with AEMO as the project has been selected to provide essential network services to enable the connection of additional renewable energy resources in the Murray River REZ).*

2.9 Engagement with Energy Safe Victoria

Provide details about the applicant’s engagement with Energy Safe Victoria and any copies of correspondence regarding the proposed electricity generation facility.

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The applicant has emailed Energy Safe Victoria to formerly advise them of the project and the key contacts for the applicant. A copy of this correspondence is attached.

A representative of Energy Safe Victoria ([REDACTED] [REDACTED]) attended the site on the 18th of June to undertake a general inspection of the site.

Consolidate Power Project Pty Ltd (CPP) have been engaged as the EPC contractor for this project and are responsible for the design and construction of the project including the electrical works. CPP has:

- *Pursuant to the Electricity Safety Act 1998 (Vic), engaged an electrical inspector to sign*

off on all prescribed electrical works. The inspector has commenced their work but is in the preliminary stages of their review given the stage of the project.

- *The nominated inspector is [REDACTED]. An engagement letter confirming his details is attached.*
- *CPP or our inspector intends to engage with Energy Safe Victoria in regards to this project. There has been no direct correspondence to date, but we intend to commence engagement in the next 4-6 weeks.*
- *Will prepare a HV switching procedure in co-ordination with AusNet prior to commissioning of the facility.*

It is also noted that Tesla Motors Australia has also previously engaged with Energy Safe Victoria in general as a supplier of utility scale battery energy storage systems.

Attachment reference:

Electrical Inspector -Letter of Engagement_Rev1.pdf

Correspondence with Energy Safe Victoria.pdf

2.10 Additional information

Provide any additional information the applicant considers relevant to the commission's assessment of the applicant's technical capacity.

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3. Financial viability

3.1 Financial resources

The applicant must provide a statement that will be made available to the public during the consultation period that the applicant has the financial resources to commence and sustainably perform the relevant licensable activities.

Provide a statement to confirm that:

- a) the applicant is financially viable and has the financial resources to sustainably operate the electricity generation facilities, and
- b) the applicant will be a registered market participant with the Australian Energy Market Operator for its electricity generation activities, therefore subject to the prudential requirements under the National Electricity Rules.

The commission reserves the right to conduct a financial viability assessment and require the applicant to produce information and documents it considers appropriate to complete such an assessment.

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The applicant is financially viable and has the financial resources to sustainably operate the electricity generation facilities

The Applicant can confirm that it is financially viable and has the financial resources to sustainably operate the electricity generation facility.

The Applicant (KESS ProjectCo Pty Ltd ATF The KESS ProjectCo Trust) has been financed through a combination of equity contributions and a debt facility, which can be summarised as follows:

- *The Applicant is ultimately 100% owned by KESS HoldCo Pty Ltd ATF The KESS HoldCo Trust, with equity contributions being made into this entity solely by Sosteneo BESS1 (Australia) Pty Ltd, which is subject to obligations to provide all requisite equity for the project;*
- *This Sosteneo BESS1 (Australia) Pty Ltd entity is capitalised via a limited partner fund structure which contributes its equity via an investment vehicle located in Luxembourg and is managed by Sosteneo SGR Spa; and*
- *A debt syndicate consisting of CBA, DNB and BNP Paribas contributes the balance of funds not provided by the source of equity described above.*

These equity and debt contributions mean that the project is fully capitalised to meet all contractual commitments to construct the project and bring it into operations.

Once operational, the Applicant will be receiving revenues via two stable contracts with high credit-rated entities, as follows:

- A 20-year System Support Agreement with Australian Energy Market Operator Limited (ABN 94 072 010 327), which makes fixed monthly payments to the Applicant, in exchange for the Applicant providing technical network services to AEMO; and
- A 15-year Battery Storage Services Agreement (with a 5-year extension option) with Shell Energy Retail Pty Ltd (ABN 87 126 175 460), which also makes fixed monthly payments to the Applicant, in exchange for the Applicant granting trading rights, and energy market and market ancillary services revenues to Shell.

The revenues from these two contracts are sufficient to cover all ongoing operating expenditure (most of which are contracted for in long-term services agreements) and debt repayments, ensuring that the Applicant will have the financing resources to sustainably operate the electricity generation facility.

The applicant will be a registered market participant with the Australian Energy Market Operator for its electricity generation activities, therefore subject to the prudential requirements under the National Electricity Rules

The Applicant itself will not be the registered market participant with the Australian Energy Market Operator. Rather, Shell Energy Retail Pty Ltd (Shell), as off-taker to 100% of the project, will be the registered market participant, where the Applicant has granted an Intermediary right to Shell to perform this function. As part of being the registered market participant, Shell will be subject to the prudential requirements under the National Electricity Rules and not the Applicant.

Shell Energy Retail is already the holder of an electricity retail license.

A Battery Storage Services Agreement (BSSA) has been entered into between the Applicant and Shell that gives effect to this registration pathway.

The Applicant (KESS ProjectCo Pty Ltd) will apply for an exemption from registration on the basis of an intermediary being registered.

4. Fit and proper person

The applicant must answer all questions in this section.

In deciding whether to grant or refuse a licence application, the commission will consider whether the applicant is a fit and proper person to hold a licence in Victoria.

The concept of a 'fit and proper person' is established by common law and takes its meaning from its context, from the activities in which the person is or will be engaged, and the ends to be served by those activities.

In considering whether an applicant is a fit and proper person, we will have regard to the applicant's honesty, integrity and reputation. These are relevant factors as they can inform an assessment of the likelihood of future conduct.

We will also consider the conduct of directors, office holders or any person with significant managerial duties or influence. We will also consider the conduct of related bodies corporate or entities that can exert control over the applicant.

a) Have any directors of the applicant, directors of any entity that can exert control over the

applicant, or any person with significant managerial responsibility or influence on the applicant:

- (i) been declared bankrupt,
- (ii) had their affairs placed under administration,
- (iii) been disqualified from managing a company,
- (iv) been subject to debt judgements, or
- (v) insolvency proceedings (including any administration, liquidation or receivership in connection with the affairs of a company)?

If yes, provide details:

.....

No

b) Has the applicant, any directors of the applicant, directors of any entity that can exert control over the applicant or any person with significant managerial responsibility or influence on the applicant been prosecuted for any offences or had any enforcement action taken under any state, territory, Commonwealth or foreign legislation (including, but not limited to, the *Competition and Consumer Act 2010*, *Corporations Act 2001*, or the *Australian Securities and Investments Commission Act 2001*)?

If yes, provide details:

.....

No

c) Has the applicant, any directors of the applicant, any related body corporate, or any person with significant managerial responsibility or influence on the applicant been involved in any material breaches of obligations regulated by the commission or any other regulator?

If yes, provide details:

.....

No

d) Has the applicant, any directors of the applicant, any related body corporate, or any person with significant managerial responsibility been under investigation in relation to its regulatory obligations or is currently bound by an enforceable undertaking?

If yes, provide details:

.....

No

e) Has the applicant, any related body corporate or any person with significant managerial responsibility or influence on the applicant, been refused a licence or authorisation, or had restricted, suspended or revoked any such licence or authorisation (in any jurisdiction)?

If yes, provide details:

.....

No

- f) Provide any other information the applicant considers relevant to the commission's fit and proper person assessment.

.....

Additional information

Answer the following questions and, where the answer to any question is "no" (except for question b)), provide further detail.

a) Is the applicant a resident of, or does it have permanent establishment in, Australia?

.....

Yes

b) Is the applicant under external administration (as defined in the *Corporations Act 2001*) or under a similar form of administration under any laws applicable to it in any jurisdiction?

.....

No

c) Is the applicant immune from suit in respect of the obligations under the *Electricity Industry Act 2000*?

.....

No

d) Is the applicant capable of being sued in its own name in a court of Australia?

.....

Yes

5. Commission objectives

The applicant must answer all questions in this section.

In deciding whether to grant or refuse an electricity generation licence application, the commission must consider its objectives under the *Electricity Industry Act 2000* and the *Essential Services Commission Act 2001* (ESC Act).

Our primary objective under the ESC Act, when performing our functions and exercising our powers, is to promote the long-term interests of Victorian consumers. In seeking to achieve this objective, we must have regard to the price, quality, and reliability of essential services and the matters set out in section 8A to the extent they are relevant.

In seeking to achieve the objectives specified in section 8, the commission must have regard to the matters to the extent that they are relevant in any particular case.

Provide any information the applicant considers relevant to the commission's consideration of its objectives outlined in:

- Section 8 of the ESC Act (also see section 8A of the ESC Act); and
- Section 10 of the *Electricity Industry Act 2000*.

.....

The Objective of the Commission is set out under sub-section 8(1) of the Essential Services Commission Act 2001 (ESC Act) as follows:

- *In performing its functions and exercising its powers, the primary objective of the Commission is to protect the long term interests of Victorian consumers.*

Granting a generation license to KESS ProjectCo Pty Ltd is consistent with the objectives of the commission in terms of protecting the long term interests of Victorian consumers. KESS ProjectCo Pty Ltd is a dedicated, standalone, financially viable generator (with funding for all of its obligations either provided or committed), underpinned by long-term contracts, and supported by leading companies in the Australian energy market.

KESS is a battery energy storage system which will provide energy shifting and firming for renewable energy allowing for a greater contribution of zero emissions and lowest cost electricity generation. In addition to the above the KESS has entered in a long-term contract with AEMO to provide of services to strengthen the power system and increase renewable generation capacity in the Murray River region (<https://aemo.com.au/en/newsroom/media-release/aemo-awards-contract-to-improve-system-security-in-murray-river-rez>).

Under sub-sections 8(1) and 8(2) of the ESC Act, the Commission must have regard to a number of matters in seeking to achieve the Objective. The Applicant believes that granting of the licence is consistent with these matters, described in sub-section 8A(1), as follows:

- *Efficiency in the industry and incentives for long term investment*

KESS will contribute to increased efficiency in the electricity market through additional

diversity of supply and competition for energy storage services. The project provides significant investment into the Victorian electricity market and has long agreements in place with AEMO to provide essential system services as well as with Shell Energy with a long-term offtake agreement.

- *The financial viability of the industry*

KESS is financially viable and has been financed through a combination of equity contributions and a debt facility providing all the funding required to complete and operate the project. Comprehensive due diligence was carried out on the financial and technical aspects of the project to support the equity and debt investment into the project. This is evidence of the project's 'bankability'.

Further, KESS operates in a financially viable industry. The NEM has existed as a liberalised wholesale spot market for electricity for over 20-years, trading circa 200 TWh per annum and with some 200+ registered participants and over 50GW of installed capacity.

Equity and debt markets are providing long term finance to battery energy storage, recognizing it as a necessary and important aspect of the electricity market as we transition to zero emissions.

- *The degree of, and scope for, competition within the industry, including countervailing market power and information asymmetries*

KESS provides a positive contribution to diversity and competition for energy storage services. This will increase competition in ancillary services markets as well as in the generation markets directly competing with traditional peaking generators. In addition to the project is contracted to provide a system service and provided a cost effective alternative to synchronous condensers as part of this tender.

- *The relevant health, safety, environmental and social legislation applying to the industry*

Construction and operation of the solar farm will be subject to all relevant health, safety, environmental and social legislation applying to the Victorian electricity industry.

- *The benefits and costs of regulation (including externalities and the gains from competition and efficiency) for (a) consumers and users of products or services (including low income and vulnerable consumers) and (b) regulated entities.*

KESS will assist to minimise the costs of regulation and allow consumers and users of electricity (including low income and vulnerable consumers) to receive the benefits of increased competition and renewable energy supply. These include reduced cost, and increased reliability and quality, of electricity supply, and environmental and health costs.

- *To promote consistency in regulation between States and on a national basis.*

KESS will operate as a scheduled generator, will be registered with AEMO, and is required to comply with the National Electricity Rules. This is a consistent approach across other states in the NEM.

6. Statutory declaration

All the information provided in this application and attached documents for an electricity generation licence must be true and correct and must be verified by a statutory declaration. This statutory

declaration must be made by the applicant (where the applicant is an individual) or a director of the applicant (where the applicant is a corporation) and must be made in accordance with the requirements of the *Oaths and Affirmations Act 2018*.

An example statutory declaration form can be found [here](#). Information for authorised witnesses can be found [here](#).

The statutory declaration must address the following:

- a) identification of the declarant's position and/or role with the applicant
- b) that the declarant believes the information provided in the application to be true and correct
- c) that the declarant believes the applicant has the financial resources to commence and operate the activities the subject of the licence.

I [REDACTED]

of [REDACTED]

make the following statutory declaration under the Oaths and Affirmations Act 2018 (Victoria):

- a) That I am the director of KESS ProjectCo Pty Ltd ATF The KESS ProjectCo Trust*
- b) The information provided in this application (including any attachments) to the Essential Services Commission for an electricity generation licence is true and correct*
- c) That the applicant has the financial resources to commence and operate the activities the subject of the licence.*

and I make this declaration conscientiously believing these matters to be true and knowing that making a statutory declaration that I know to be untrue is an offence.

I make it knowing that making a statutory declaration that I know to be untrue is an offence.

[REDACTED]

(signature of person making this statutory declaration in the presence of the authorised statutory declaration witness)

[REDACTED]

Witness

I am an authorised statutory declaration witness and I sign this document in the presence of the person making the declaration:



*A person authorised under section 30(2) of the **Oaths and Affirmations Act 2018** to witness the signing of a statutory declaration.*