

Hunter region – Supporting Clean Energy

FEDERATION FUNDING AGREEMENT – INFRASTRUCTURE

Table 1: Formalities and operation of schedule

Parties	Commonwealth New South Wales																														
Duration	This Schedule is expected to expire on 30 June 2027.																														
Purpose	<p>The aim of this agreement is to support improved regional development, economic, environmental and social outcomes in Newcastle and the Hunter region.</p> <p>In particular, the Schedule will support the delivery of enabling works to accelerate the development of a Clean Energy Precinct at the Port of Newcastle.</p>																														
Estimated financial contributions	<p>The Commonwealth will provide an estimated total financial contribution to New South Wales of \$100.0 million in respect of this Schedule.</p> <table><tr><td colspan="6">Table 1</td></tr><tr><td>(\$ million)</td><td>2023-24</td><td>2024-25</td><td>2025-26</td><td>2026-27</td><td>Total</td></tr><tr><td>Estimated total budget</td><td>25.0</td><td>50.0</td><td>25.0</td><td>0.0</td><td>100.0</td></tr><tr><td>Less estimated National Partnership Payments</td><td>25.0</td><td>50.0</td><td>25.0</td><td>0.0</td><td>100.0</td></tr><tr><td>Balance of non-Commonwealth contributions</td><td>0.0</td><td>0.0</td><td>0.0</td><td>0.0</td><td>0.0</td></tr></table>	Table 1						(\$ million)	2023-24	2024-25	2025-26	2026-27	Total	Estimated total budget	25.0	50.0	25.0	0.0	100.0	Less estimated National Partnership Payments	25.0	50.0	25.0	0.0	100.0	Balance of non-Commonwealth contributions	0.0	0.0	0.0	0.0	0.0
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Additional terms	<p>Funding arrangements</p> <p>Commonwealth funding contributions will be provided on achievement of each agreed project milestone as set out in Table 2 of this Schedule and subject to the Commonwealth’s assessment and agreement on the achievement of each milestone’s performance benchmark. For the avoidance of doubt, by providing the milestone contribution, the Commonwealth certifies that it is in agreement with the State that the milestone performance benchmark has been achieved.</p> <p>Consistent with Clause 20a of the <i>Federation Funding Agreement – Infrastructure</i>, the State’s role will include facilitating the submission of milestone claim requests from, and forwarding Commonwealth</p>																														

funding contributions to, third party proponents for the purpose of meeting the requirements of the Schedule.

Commonwealth Funding Recognition

In addition to the requirements set out in Clause 21 of the *Federation Funding Agreement—Infrastructure*, the State agrees to:

- a) Recognise the Commonwealth's funding contribution to projects in all publications, promotional and advertising materials, including project signage, and public announcements and activities in relation to a project as appropriate;
- b) Provide reasonable opportunity for the Commonwealth to contribute to developing communications strategies for projects with a Commonwealth funding contribution; and
- c) Provide the Commonwealth with equal access to products that they obtain for use in the development of promotional material, including but not limited to project data, footage and images.

The Commonwealth agrees to provide the State with reasonable opportunity to participate in public announcements and project events on a case-by-case basis, having regard to the overarching purpose of this Schedule and the mutual commitments to achieving its outcomes.

Program governance and reporting

The Commonwealth, State and third-party proponent will participate in regular project oversight meetings for the purpose of monitoring and assessing performance in delivery of the project under this Schedule. In particular, the State and third-party proponent will provide relevant information on the development and progress of the funded project to the Commonwealth on request and the State will liaise with the third-party proponent where required, to assist the Commonwealth with performing its roles and responsibilities.

Table 2: Performance requirements, reporting and payment summary

Performance milestones	Report due	Payment
<p>Milestone 1 – Electrical Infrastructure Front End Engineering and Design (FEED) Study commenced</p> <p>Confirmation of FEED contract award and provision of detailed breakdown of FEED budget, scope and delivery timeframes.</p> <p><u>Electrical Infrastructure</u></p> <ul style="list-style-type: none"> • Design of 1.5GW stepdown substation (330kV to 33kV) and initial implementation of equipment to support 1.5GW capacity and reticulation. • Design of a 1.5 GW switchyard and initial implementation of a private network to support 1.5GW capacity. • Engagement with Transgrid to progress connection application. • Development of energy solution strategy. 	February 2024	\$3.6m
<p>Milestone 2 – All other FEED Studies commenced</p> <p>Confirmation of FEED contract award and provision of detailed breakdown of FEED budget, scope and delivery timeframes.</p> <p><u>Storage</u></p> <ul style="list-style-type: none"> • Design of a centralised ammonia storage facility covering 8Ha, featuring four tanks with a combined capacity of 120,000 tonnes (each holding 30,000 tonnes). • Design of associated pipeline infrastructure to cater to the needs of potential tenants within the Clean Energy Precinct and other regional initiatives. • Design of the initial phase to incorporate a single 30,000 tonnes storage stand within the facility. <p><u>Berth and Channel Development</u></p> <ul style="list-style-type: none"> • Design of a dedicated clean energy berth including channel extension and modifications. <p><u>General Infrastructure</u></p> <ul style="list-style-type: none"> • Design of a fenced hardstand area to be used as laydown area. • Design of internal roads and drainage. • Site facilities and amenities. <p><u>Pipeline</u></p> <ul style="list-style-type: none"> • Design of a 2.5km common user clean energy pipeline spine. 	February 2024	\$8.3m

<u>Water and wastewater</u> <ul style="list-style-type: none"> • Design of pipeline connections, pipeline infrastructure and associated easements and corridors for water and wastewater within the Clean Energy Precinct. • Design of infrastructure augmentations required to connect potable and recycled water services and wastewater and brine management services to the Clean Energy Precinct. 		
Milestone 3 – Long lead time items procurement commenced Written confirmation that order contracts have been executed for the procurement of the required long lead time items, including executed vendor supply contracts, copies of purchase orders and manufacturing, shipment, delivery and installation schedules. <ul style="list-style-type: none"> • 330 kilovolt circuit breakers (live tank) • 132 kilovolt circuit breakers (dead tank) • 66 kilovolt circuit breakers (dead tank) • Voltage transformer • Transformers, and • Steel supply for ammonia tank. 	April 2024	\$13.1m
Milestone 4 – Confirmation of the completion of all FEED Studies Acceptance by the Commonwealth of a written report detailing the completion of all FEED studies. <ul style="list-style-type: none"> • Electrical Infrastructure study deliverables <ul style="list-style-type: none"> - Total installed cost (TIC) estimate AACE Class 3; FEED design report; single line diagrams; electrical load lists; layout plans; execution schedule; list of long lead time items; specifications; and energy solution strategy. • Storage study deliverables <ul style="list-style-type: none"> - TIC estimate AACE Class 3; FEED design report; execution schedule; list of long lead time items; specifications. • Berth and Channel Development study deliverables <ul style="list-style-type: none"> - TIC estimate AACE Class 3; FEED design report; execution schedule; scope of work; specifications; design drawings. • General Infrastructure study deliverables <ul style="list-style-type: none"> - TIC estimate AACE Class 3; FEED design report; execution schedule; scope of work; specifications; design drawings. 	December 2024	\$40.0m

<ul style="list-style-type: none"> • Pipeline study deliverables <ul style="list-style-type: none"> - TIC estimate AACE Class 3; FEED design report; execution schedule; list of long lead time items; piping and instrumentation; process flow diagram; interface schedule including proposed tie-in points; specifications. • Water and Wastewater study deliverables <ul style="list-style-type: none"> - TIC estimate AACE Class 3; FEED design report; execution schedule; list of long lead time items; piping and instrumentation; process flow diagram; interface schedule including proposed tie-in points; specifications. 		
<p>Milestone 5 – Final Investment Decision</p> <p>Written confirmation that the Port of Newcastle Board has taken Final Investment Decision (FID) on the Clean Energy Precinct and the project is on track to proceed, including provision of:</p> <ul style="list-style-type: none"> • all relevant contracts or MoUs with off-takers and utility suppliers • project schedule and execution strategy • evidence of third-party funding for the construction phase. <p>Payment of subsequent milestones is dependent on FID being taken. Timing of milestones may be renegotiated if FID is delayed beyond January 2025. Remaining funding may be withheld if FID is not taken and the Clean Energy Precinct project is determined not to proceed.</p>	January 2025	Nil
<p>Milestone 6 – Progress report on long lead time items</p> <p>Acceptance by the Commonwealth of a report detailing the status of the procurement of all long lead time items, including evidence of factory acceptance testing and ready for shipment notices for major plant items, identification of any delays or risks to delivery, confirmation of progress payment amounts made to date, and updated delivery schedules.</p>	March 2025	\$10.0m
<p>Milestone 7 – Delivery, Installation and Commissioning of long lead time items</p> <p>Written confirmation that all long lead time items have been supplied in compliance with relevant contract specifications, including evidence of site acceptance testing, and that contractual close has been achieved on these items.</p>	December 2025	\$20.0m
<p>Milestone 8 – Post Completion Report accepted and approved by the Australian Government</p> <p>Acceptance by the Commonwealth of a Project Post Completion Report that includes at a minimum:</p> <ul style="list-style-type: none"> • details of the use/acquittal of Australian Government funds • confirmation of all project elements having been delivered and any changes from the initial project scope, and 	February 2026	\$5.0m

<ul style="list-style-type: none"> a statement as to how the injection of Australian Government funding has enabled, and will enable throughout delivery of the broader Clean Energy Precinct project, outcomes aligned with Australian Government focus area: employment outcomes, regional development outcomes, clean energy transition in the Hunter region, and First Nations employment and supplier-use outcomes. 		
	Total	\$100.0m

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

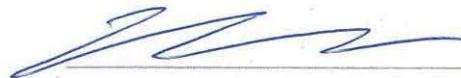
*Signed for and on behalf of the Commonwealth
of Australia by*



The Honourable Catherine King MP
Minister for Infrastructure, Transport, Regional
Development and Local Government

9.../11/2023

*Signed for and on behalf of the
State of New South Wales by*



The Honourable Penny Sharpe MLC
Minister for Climate Change, Minister for Energy,
Minister for the Environment

15.../12/2023