

Frontier's Waroona Project selected for Australian Government's Capacity Investment Scheme

Frontier Energy Limited (ASX: FHE; OTCQB: FRHYF) (Frontier or the Company) is pleased to announce the Australian Government has selected its Waroona Renewable Energy Project (Waroona or the Project) as one of four WA renewable energy projects to secure support under the Government's Capacity Investment Scheme (CIS).

CIS is a revenue underwriting scheme, aimed at accelerating investment in renewable energy and storage projects. CIS provides a long-term revenue safety net for up to 15 years, that decreases financial risk for investors and debt financiers.

Participation in CIS provides a revenue floor that is guaranteed by the Australian Government, which enhances the ability of the Company to secure financing for the Project's development.

HIGHLIGHTS

- **CIS enhances the capacity of the Project to secure funding, as CIS is a revenue underwriting scheme, supported by the Australian Government. CIS gives the Project downside revenue protection, an essential requirement for any financing**
 - *If total revenue falls below an agreed floor price (as determined in Frontier's CIS tender), the Government will provide top-up payments, therefore guaranteeing a minimum level of revenue*
- **This is the first tender for the CIS in Western Australia – more than 13.5GWh of applications submitted bids for the process, which is more than five times the final allocation of 2.6GWh**
 - *Waroona was one of only four projects selected across WA*
 - *Stage One development of the Project is for 120MW of solar generation and 80MW 4.75 hr battery or 380Mwh (0.38GWh) of storage¹*
- **Projects are assessed against several criteria, including expected time frame for delivery, ability to successfully participate in the Reserve Capacity Mechanism (RCM), system benefits and contribution to local and indigenous communities**
- **Frontier continues to advance multiple funding initiatives for Stage One of the Project, with updates to be provided in due course**

¹ CIS support covers the battery part of the Project only.

Frontier Chair Guy Chalkley commented: "The opportunity that the Waroona Project presents, both the Stage One development and future expansions, was a key consideration in joining the Frontier board. We are delighted that our Waroona Project has been selected for the Capacity Investment Scheme, which we believe is strong validation of that opportunity. Our team is firmly focused on procuring the finance for development of the Project and securing the support of the CIS is expected to enhance our financing efforts."

Frontier CEO Adam Kiley commented: "This is a major step forward in the Waroona Project's development and a vote of confidence that it is on track to play an important role in WA's renewable energy transition."

"The process to secure finance for development of the Project continues to take shape and we are especially encouraged by the interest from large scale, global participants in the renewable energy sector from a range of funding options. Our successful CIS application, through its revenue underwriting mechanism provides important assurance to financiers on revenue certainty, further strengthens our position in this process."

Finally, we would like to thank the Australian Government Minister for Climate Change and Energy, the Honourable Chris Bowen MP, for selecting our Project in this highly competitive process. We believe this is an important and well considered initiative to support the renewable energy industry."

Capacity Investment Scheme

The CIS provides funding for the development of renewable energy capacity and is in addition to existing State and Territory Government initiatives, with the aim of accelerating progress towards the Australian Government's 2030 target of 82% renewable electricity generation (from less than 40% in 2023²). The Federal Department of Climate Change, Energy, the Environment and Water (**DCCEEW**) is responsible for administration of the CIS.

Operation of the CIS

The CIS operates to underwrite revenue by providing a revenue 'floor' and 'ceiling', both of which are subject to an annual payment cap, for up to 15 years. The image below demonstrates how the CIS works.

² www.opennem.org.au

For Clean Dispatchable CISAs

Proponents will bid the floor and ceiling revenues with reference to total facility revenue per unit of rated capacity (\$/MW).

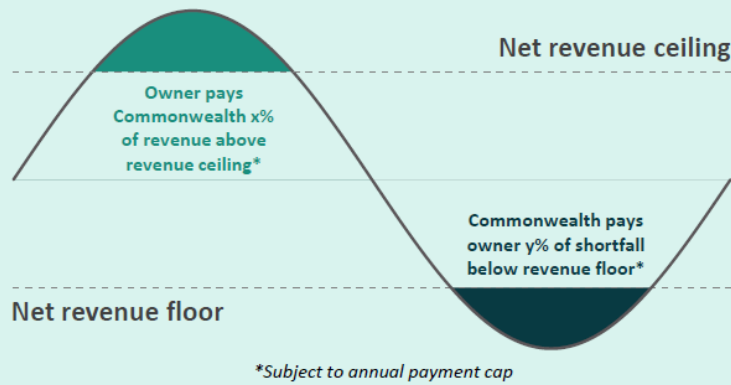


Image 1: Dispatchable CISA structure³

For the purposes of the CIS, revenue comprises all revenue generated by the Project, including market sales, bilateral contract revenues including electricity sales, reserve capacity payments, essential system services, and large generation certificates.

The CIS is designed to be complementary with the existing WEM rules, and DCCEEW requires that those projects selected to participate in the CIS, also receive Reserve Capacity Credits under the RCM.

The selection of four projects represents a total 654 megawatts (MW) or 2,595 MWh of dispatchable capacity. This is enough to power 600,000 households in the Western Australian Wholesale Electricity Market during peak summer electricity demand for four hours.

Project owners may be offered a Capacity Investment Scheme Agreement that provides revenue underwriting for up to 15 years, subject to successful contractual negotiations.

For further information regarding CIS, we encourage investors to review the Government website link below.

<https://www.dcceew.gov.au/energy/renewable/capacity-investment-scheme>

Authorised for release by Frontier Energy's Board of Directors.

³ <https://www.dcceew.gov.au/sites/default/files/documents/capacity-investment-scheme-wa-design-paper-webinar.pdf>

To learn more about the Company, please visit www.frontierhe.com, or contact:

Adam Kiley
Chief Executive Officer
+61 8 9200 3428
akiley@frontierhe.com

Nathan Ryan
NWR Communications
+61 (0) 420 582 887
nathan.ryan@nwrcommunications.com.au

For personal use only