

Capacity Investment Scheme potentially guarantees revenue for 15 years, underpinning future expansion at Frontier's Waroona Project

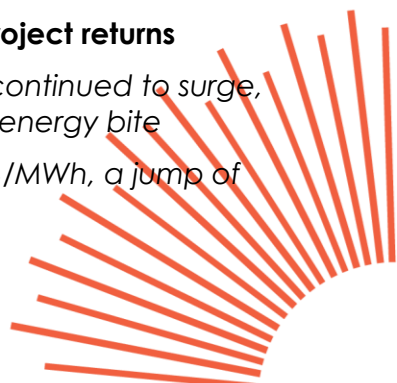
Frontier Energy Limited (ASX: FHE; OTCQB: FRHYF) (Frontier or the Company) welcomes the release of the final design of the Federal Government's Capacity Investment Scheme (**CIS**) in Western Australia, which provides an extra level of financial certainty for leading clean energy projects such as Frontier's Waroona Renewable Energy Project (the **Project**).

Stage One of the Project comprises a 120MWdc solar facility with an integrated 80MW/320MWh battery. The Project has secured all key approvals and has begun early works with the procurement of critical long-lead items

Working in parallel with existing Western Australian electricity market mechanisms, the CIS will underwrite 1.1GW/4.4GWh of new, clean dispatchable energy in the State, with 500MW/2GWh of projects being sought via the first tender to be released this month. For more details refer: <https://aemoservices.com.au/tenders/cis-tender-2-wem-dispatchable>

HIGHLIGHTS

- **Final design criteria for the WA CIS tender amended to allow solar and battery projects**
 - Original design of the WA CIS contemplated a battery-only tender process
 - Final design criteria recognises that a co-located solar and battery project can provide genuine clean dispatchable renewable energy as opposed to a plain grid-connected battery
 - Projects must be greater than 30MW in size to be eligible to bid into the CIS and be operational by between 1 October 2026 and 1 October 2027
- **CIS has the potential to underpin Stage Two and future expansion stages, by providing revenue certainty for 15 years**
 - CIS will provide annual revenue underwriting based on the units of \$ per MW of capacity credits held by the project in that year, for up to 15 years
- **Capacity shortfalls in Western Australia are forecast to grow from 2027, reinforcing the need for firm dispatchable renewable energy**
 - Frontier aims to have Stage One of the Project operational by 1 October 2026, in time for the CIS/Capacity Market cycle
 - The Project has significant potential to expand to help meet the forecast supply shortage, including freehold land (Stage One utilises only 303ha of Frontier's 868ha) and potential for more than 1GW of network connections
- **Tight capacity driving high market prices, further boosting expected Project returns**
 - Average peak prices in the WA electricity market (WEM) have continued to surge, as capacity constraints and higher than expected demand for energy bite
 - Peak period prices for the first six months of 2024 averaged \$164/MWh, a jump of ~24% on 2023 levels – and double in the past 2.5 years






CEO Adam Kiley commented: “Frontier would like to thank the Department of Climate Change, Energy, the Environment and Water; and Energy Policy WA for taking on board feedback from industry, which we believe has resulted in an enhanced design that will incentivise genuine green dispatchable energy supplies.

The CIS represents a significant potential boost to Frontier's plans, as it guarantees a minimum level of support for renewable-energy-supplied battery projects for up to 15 years. This is an increase from the current five years in existing electricity market mechanisms, providing investors and developers greater confidence to invest significantly in renewable energy projects in Western Australia.

Recent market events highlight the urgent need for renewable capacity to be added in the WEM and forecasts for capacity shortfalls paint a sobering picture of electricity supply over the next decade, as demand continues to increase while fossil fuelled generation is planned to be retired.

Stage One of the Company's Project, which comprises a 120MWdc solar farm and 80MW battery storage, will help address this urgent need and fill the gap, especially as it is located in an unconstrained part of the Western Power network. Fortunately for the Company and for the WEM, the scope to expand is significant, with potential for subsequent stages that represent multiples of Stage One capacity. The Company plans to kick-off expansion studies soon after FID for Stage One has been reached.

The indicative dates for the CIS Tender (Known as Tender 2) are detailed below.

Stage	Indicative key dates
	Tender 2 Process commencement date Tender Guidelines released and registration/bidding open Mid July 2024
	Registration closing date Early August 2024
	Stage A – Project Bid closing date Mid August 2024
	Invitation to submit Stage B – Financial Value Bid September/October 2024

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

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

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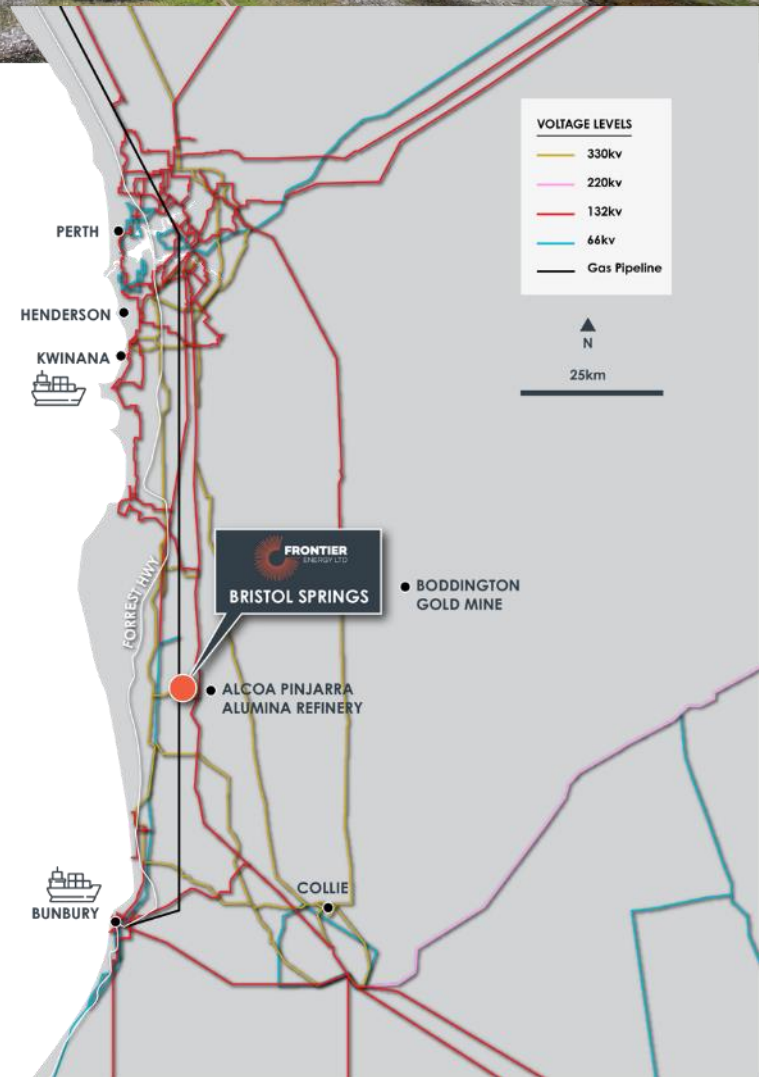
About Frontier Energy

Frontier Energy Ltd (ASX: FHE; OTCQB: FRHYF) is developing the Waroona Renewable Energy Project (the Project) located 120km from Perth in Western Australia.

Waroona has potential to become one of Australia's largest standalone renewable energy projects, as the Company controls 868ha of adjoining freehold land whilst also having approvals in place for a connection onto the WA electricity network (SWIS) with a terminal adjacent to the Project.

The Company released a highly positive DFS on Stage One development that consists of a 120MW solar farm and 80MW 4-hour battery which is now advancing towards a Final Investment Decision in 2024.

Frontier is fully committed to making the Project one of WA's major renewable energy hubs, incorporating multiple value-adding initiatives including batteries and green hydrogen, with full renewable energy potential of more than 1GW based on connection capacity.



Directors and Management

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For a comprehensive view of information that has been lodged on the ASX online lodgement system and the Company website, please visit asx.com.au and frontierhe.com, respectively.