

SA FERM Tender Round 1

Addendum 1 to the Tender Guidelines

November 2025



Addendum 1 to the Tender Guidelines

Important Notice

This addendum (Addendum 1) to the SA FERM Tender Round 1 Tender Guidelines (October 2025) (Tender Guidelines) is issued under section 4.38 of the Tender Guidelines. In accordance with section 4.38 of the Tender Guidelines, Proponents must prepare their Bids to consider and reflect the content of Addendum 1. The Tender Conditions also apply to this Addendum 1.¹

Capitalised terms in this Addendum 1 not otherwise defined are defined in the Tender Guidelines.

Context

In the performance of its functions for the under the *National Electricity (South Australia) (Firm Energy Reliability and Orderly Exit Management) Regulations 2025 (South Australia) (Regulations)*, the Scheme Administrator must act independently and in the long-term financial interests of South Australian electricity consumers and act in a commercially reasonable and prudent way.²

The Scheme Administrator’s functions include to conduct a scheme tender at the request of the Minister and in accordance with any relevant Minister’s guidelines.³

To fulfil its obligations, the Scheme Administrator has implemented a limit on the maximum Fuel Reimbursement payments that may be paid in an Operational Year for conventional (e.g. fuel-based) generators under FERMA.

Purpose of Addendum 1

This Addendum 1 has been issued to:

- give effect to the implementation of the Fuel Reimbursement limit, being the maximum Fuel Reimbursement that may be paid in an Operational Year for conventional (e.g. fuel-based) generators under the FERMA,
- provide relevant information to assist Proponents to incorporate consideration of the Fuel Reimbursement limit into their Bids consistent with section 4.38 of the Tender Guidelines, and
- identify relevant changes to key documents for the Tender.

This Addendum 1 amends the Tender Guidelines as follows.

Index Reference	Addendum summary	Details
A1	Update to Fuel Reimbursement	A limit on the maximum Fuel Reimbursement that may be paid in an Operational Year has been implemented. An amended Proforma FERMA document has been uploaded on the ASL website.
A2	Other updates to the FERMA	Other updates to the FERMA distributed as clarifications via the Q&A process are noted.

¹ Section 4.1 of the Tender Guidelines.

² Section 14, *National Electricity (South Australia) (Firm Energy Reliability and Orderly Exit Management) Regulations 2025 (South Australia)*.

³ Sections 10 and 24, *National Electricity (South Australia) (Firm Energy Reliability and Orderly Exit Management) Regulations 2025 (South Australia)*.

A1. Amendments to key documents

Amendments to the Tender Guidelines

To implement the Fuel Reimbursement maximum limit, the Tender Guidelines have been amended as follows.

The amendments to the Tender Guidelines are outlined below for Proponents' guidance only.

Tender Guidelines ref.	Previous drafting	Updated drafting (see red text)
Section 1.5 Commercial Terms, Table 6 – Key Commercial Terms	<p>Permitted Cost</p> <p>Intended as a list of specific costs that includes gross costs of importing electricity, ancillary services, NER costs and payments under eligible contracts.</p> <p>Note that fuel costs (e.g. gas fuel costs for a gas generator) are not included as a Permitted Cost. This is separately addressed in the Fuel Reimbursement.</p>	<p>Permitted Cost</p> <p>Intended as a list of specific costs that includes gross costs of importing electricity, ancillary services, NER costs and payments under eligible contracts.</p> <p><u>Fuel costs (e.g. gas fuel costs for a gas generator) will be primarily addressed through the volume-capped Fuel Reimbursement, with only volumes exceeding that cap being included as Permitted Costs (at the determined Fuel Price).</u></p> <p>Note that fuel costs (e.g. gas fuel costs for a gas generator) are not included as a Permitted Cost. This is separately addressed in the Fuel Reimbursement.</p>
	<p>Fuel Reimbursement (conventional generators only, such as gas)</p> <p>For conventional (i.e. fuel-based) generators only, a Fuel Reimbursement will be determined based on a Fuel Price Determination made by the Scheme Regulator. The details of this determination is outlined in Section 1.6.1.</p> <p>It is expected that a LDCP which receives a Fuel Reimbursement will have taken this into account to provide an efficient bid with lower values of Revenue Floor and Payment Cap compared with if they didn't receive the reimbursement.</p> <p>For bidirectional facilities, such as batteries, the costs in relation to the import of electricity is included as a Permitted Cost, and the concept of Fuel Reimbursement will not be applicable.</p>	<p>Fuel Reimbursement (conventional generators only, such as gas)</p> <p>For conventional (i.e. fuel-based) generators only, a Fuel Reimbursement will be determined based on a Fuel Price Determination made by the Scheme Regulator. The details of this determination is outlined in Section <u>1.7</u>.</p> <p>It is expected that a LDCP which receives a Fuel Reimbursement will have taken this into account to provide an efficient bid with lower values of Revenue Floor and Payment Cap compared with if they didn't receive the reimbursement.</p> <p>For bidirectional facilities, such as batteries, the costs in relation to the import of electricity is included as a Permitted Cost, and the concept of Fuel Reimbursement will not be applicable.</p> <p><u>The volume of fuel that is subject to the Fuel Reimbursement is subject to a cap as stated in the FERMA.</u></p>

Glossary	N/A	Fuel Reimbursement definition added. <u>Fuel Reimbursement – Means the “Fuel Reimbursement” for an Operational Year as defined in the FERMA.</u>
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Amendments to the Proforma FERMA

To implement this cap on Fuel Reimbursement, the Proforma FERMA is to be amended as follows.

Under Schedule 2, Item 1.3 ‘Fuel Reimbursement’:

- (a) The first line of paragraph (a) is amended to read:

“Subject to paragraph (d), the Fuel Reimbursement for an Operational Year is to be calculated as follows:”

- (b) A new paragraph (d) is added as per the below:

“(d) If (HR x CUGV) for an Operational Year is greater than the **FR Quantity Cap** for the Operational Year (as calculated below), then (HR x CUGV) will be an amount equal to that FR Quantity Cap:

$$FR\ Quantity\ Cap_n = 0.5 \times NR_n \times H_n$$

where:

NR_n is the sum of the nameplate ratings of the conventional generating units which are included in the Facility for the Operational Year, which may not be greater than an amount equal to the product of the ‘Number of generating units’ and the ‘Nameplate rating per generating unit’ listed in the Specification; and

H_n is the number of hours in the Operational Year.

[Note (to be deleted in execution version): this paragraph (d) imposes a limit on the Fuel Reimbursement that may be paid in an Operational Year. This limit will still vary in accordance with the Fuel Price Determination. Any excess Fuel Reimbursement above this cap will be included as a Permitted Cost.]”

Under Schedule 6:

- (a) New definition is inserted which reads:

“Fuel Reimbursement (Without Volume Cap) means an amount equal to the Fuel Reimbursement before any application of clause 1.3(d) of Schedule 2.”

- (b) In the definition for “**Permitted Costs**”, a new paragraph is inserted below paragraph (f) (with subsequent paragraphs being renumbered) which reads:

“(g) any amount by which the Fuel Reimbursement (Without Volume Cap) exceeds the Fuel Reimbursement;”

A2. Other updates to the FERMA

In accordance with sections 1.4 and 1.5 of the Tender Guidelines, the Proforma FERMA has been made available to Proponents via the Online Portal following Tender Launch.

Proponents have sought clarification from the Scheme Administrator in relation to the Tender and, in accordance with section 2.2.10 of the Tender Guidelines, the Scheme Administrator may exercise its discretion to provide answers to Proponent questions, endeavouring to make responses available to all Proponents without identifying the party that submitted the relevant question.

Registered Proponents may access the Scheme Administrator's responses to Proponent requests for clarification including in relation to the Proforma FERMA via the Tender Portal and ASL [website](#).

To assist Proponents in the preparation of their Bids for submission, the Scheme Administrator has collated below its responses to Proponent requests for clarification in relation to the Proforma FERMA.

Clarification Ref.	Clarification – Other updates to the FERMA
<p>Clarification 2</p> <p><i>Distributed 10/11/25 as part of Clarification Release 1.</i></p>	<p>Important information relating to Tender 1 – Clarification of the definition of the First Operational Year</p> <p>Under Schedule 6 of the Proforma FERMA, the Operational Year means each of the following periods:</p> <ul style="list-style-type: none"> (a) the period from COD to the next 31 October following COD (First Operational Year); (b) the period from 1 November to the day preceding the final day of the Term (Last Operational Year); and (c) each 12-month period from 1 November to 31 October from the end of the First Operational Year to the start of the Last Operational Year. <p>The definition of First Operational Year in paragraph (a) should be amended to:</p> <ul style="list-style-type: none"> (a) the period commencing on the later of COD and the Target COD, and continuing to the subsequent 31 October (First Operational Year) <p>This definition is now in line with the commencement of the Operational Period under the FERMA, which commences on the later of:</p> <ul style="list-style-type: none"> • COD; and • the Target COD (being the Target COD for the relevant Tender Category), <p>and ends on the date that is 15 years after the Target COD.</p> <p>This means that where:</p> <ol style="list-style-type: none"> 1) COD occurs <u>before</u> Target COD, the Operational Period and the First Operational Year (and the payment mechanism) will commence on Target COD. The Operational Period will end on the date that is 15 years after the Target COD for the relevant category. 2) COD occurs <u>after</u> Target COD, the Operational Period and the First Operational Year (and the payment mechanism) will commence on COD. This will create an initial stub year as COD has occurred after Target COD. Following the initial stub year, it is intended that all Operational Years will run for 12 month periods from 1 November to 31 October. The Operational Period will end on the date that is 15 years after the Target COD for the relevant category.

Clarification Ref.	Clarification – Other updates to the FERMA
	It is not intended that support payments would commence prior to the Target COD under any circumstance.
Clarification 3 <i>Distributed 11/11/25 as part of Clarification Release 2.</i>	<p>Important information relating to Tender 1 – FERMA clarification of “Committed Storage Capacity” and “Committed Output Capacity”</p> <p>The terms “Committed Storage Capacity” and “Committed Output Capacity” are used in:</p> <ul style="list-style-type: none"> • Schedule 2, clause 2.1 - in relation to Ineligible Wholesale Contracts • Schedule 5, clause 3.3(a) - in relation to Eligible Wholesale Contracts • Schedule 5, clause 3.8 - in relation to overcontracting • Schedule 6 – in the definitions of “Cost Change Threshold” and “Major Loss Event” <p>In each of these items:</p> <ul style="list-style-type: none"> • “Committed Storage Capacity” should be amended to refer to the total energy storage capacity of the Facility; and • “Committed Output Capacity” should be amended to refer to aggregate nameplate rating of the Facility (as specified in Item 12 of the Reference Details).