



# SA FERM Tender Round 1: Long Duration Dispatchable Capacity FERMA

*Proponent webinar*

28 October 2025

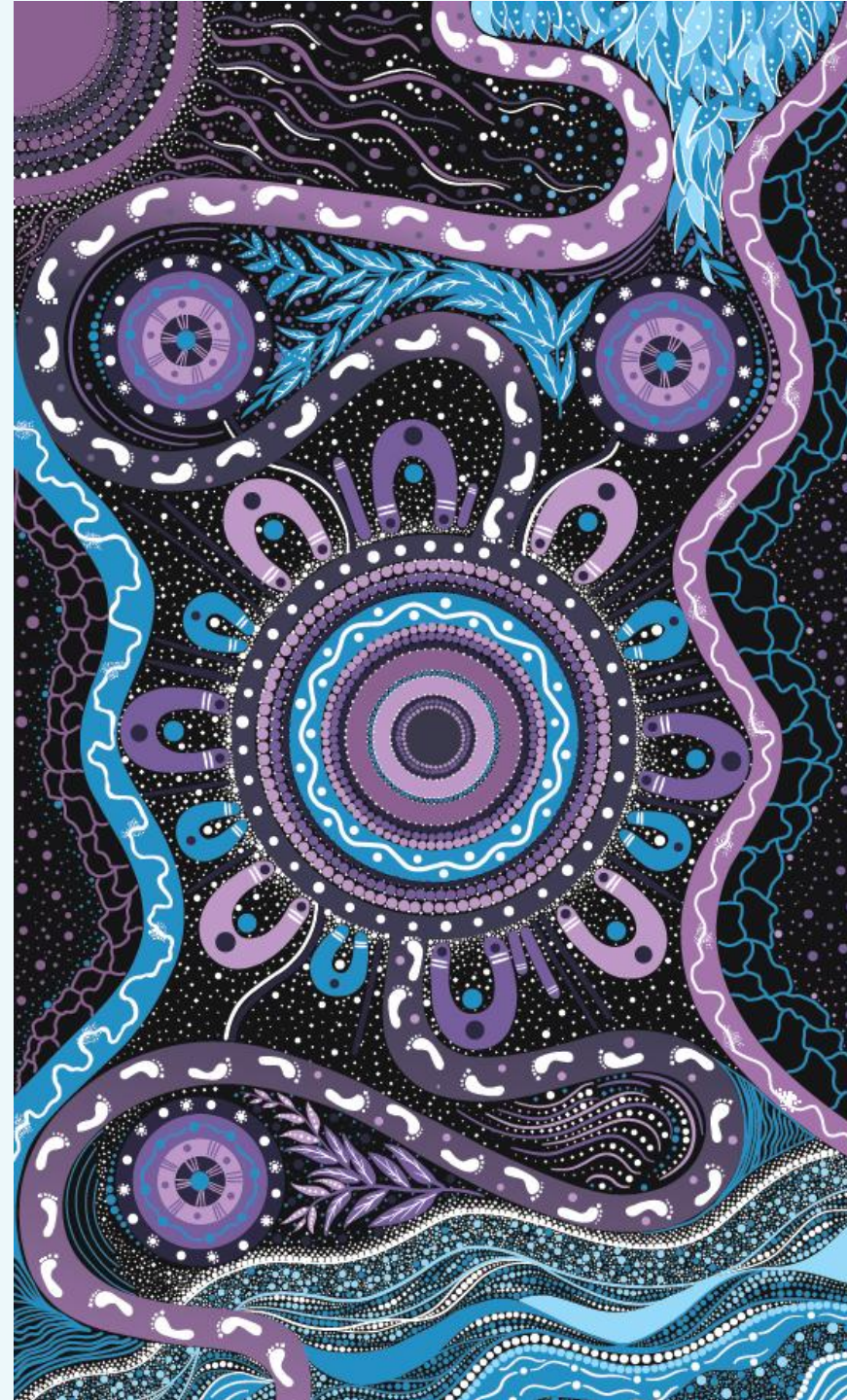




We acknowledge the Traditional Custodians of the land, seas and waters across Australia. We honour the wisdom of Aboriginal and Torres Strait Islander Elders past and present and embrace future generations.

We acknowledge that, wherever we work, we do so on Aboriginal and Torres Strait Islander lands. We pay respect to the world's oldest continuing culture and First Nations peoples' deep and continuing connection to Country; and hope that our work can benefit both people and Country.

AEMO Group is proud to have delivered its first Reconciliation Action Plan in May 2024. '*Journey of unity: AEMO's Reconciliation Path*' was created by Wiradjuri artist Lani Balzan to visually narrate our ongoing journey towards reconciliation – a collaborative endeavour that honours First Nations cultures, fosters mutual understanding, and paves the way for a brighter, more inclusive future.





# About ASL

## Who are we?

An independent, for purpose service provider, established to support the delivery of energy commitments made by governments that will transform Australia's energy system.

## Our vision

A net zero energy system that benefits all Australians.

## Our purpose

Bridging ambition and action to deliver the energy transition.

## Services

We provide tender and advisory services to support investment in energy infrastructure across Australia.

Our services include tender delivery and system planning, product design and advice, financial risk management and advice, governance and established stakeholder relationships.



# ASL as the Scheme Administrator

**ASL has been appointed Scheme Administrator for South Australia's Firm Energy Reliability Mechanism (FERM) and directed by the Minister for Energy and Mining to deliver Tender Round 1.**

## What is the FERM?

The FERM is a South Australian Government initiative to secure long duration dispatchable electricity capacity projects capable of providing secure, reliable and affordable electricity supply for South Australia.

## Role of the Scheme Administrator

The Scheme Administrator is an independent role, responsible for designing and conducting competitive tenders to secure this capacity. Successful projects must support the long-term financial interests of South Australian electricity consumers by demonstrating financial value in their bids.

As Scheme Administrator, ASL is also responsible for the establishment of governance and financial arrangements for the FERM, development of a risk management framework and the appointment of a Financial Vehicle. The appointment of the Financial Vehicle is now underway, with this separate entity the counterparty for contracts awarded under the scheme.



**Moody's has  
assigned the  
SA FERM Trust  
an A2 stable  
credit rating**



# Purpose of today's discussion

The purpose of today's discussion is to provide Proponents with an understanding of SA FERM Tender Round 1 to enable high quality submissions.

1. **Introducing SA FERM Tender Round 1**
2. **Overview of the FERMA Product**
3. **Assessment Framework**
4. **Key items to consider for this Tender Round**
5. **Next steps and Q&A**





# 01


## Introducing SA FERM Tender Round 1: Our inaugural Tender








# About SA FERM Tender Round 1

Tender Round 1 aims to support the development of long duration dispatchable electricity capacity to assist in meeting the Firm Energy Target (FET).

 ASL has been directed by the SA Minister for Energy and Mining to conduct a competitive tender for **700 MW (Minimum Facility size of 30MW)** of long duration dispatchable electricity capacity.

 Long duration dispatchable electricity capacity is necessary for meeting the FET and ensuring secure, reliable and affordable electricity supply for South Australia.

 Successful Proponents will be awarded a Firm Energy Reliability Mechanism Agreement (**FERMA**) which provides long-term revenue support from a Financial Vehicle, with the SA FERM Trust having been assigned a Moody's A2 credit rating.

 Tender Round 1 will follow a **single stage tender process**, requiring submission of binding Bids.

## Key Tender Considerations

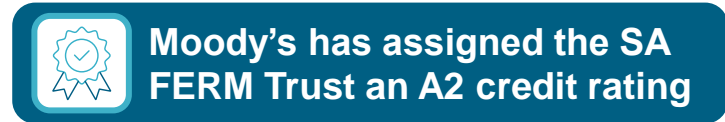
- 1 Projects must connect to the SA region of the NEM.**  
Proponents must also show that a connection process has commenced, whether through an options report, enquiry, or application to connect.
- 2 This Tender will comprise three Tender Categories** and Proponents must nominate a Commercial Operations Date (COD) for their Project, that is on or before a target COD.

Tender Category	Target COD	Tender Target
1	1 November 2028	400 MW
2	1 November 2029	200 MW
3	1 November 2031	100 MW

*Tender Category 1 is a key priority and competitive Bids in this category may be recommended ahead of others through an accelerated process.*



# Financial Vehicle (FV)



The FV will be a trustee responsible for administering the Scheme trust, a statutory trust established by the SA FERM Regulations which comprises the Fund and FERM Contracts as the trust assets.

**The FV is the counterparty to the FERMA and responsible for administering scheme payments.**

**Successful Bids may be recommended by the Scheme Administrator to the FV for execution of a FERMA.**

The Financial Vehicle has not yet been established but is intended to be established prior to the execution of the FERMA.

A tender process to appoint a Financial Vehicle under the FERM Regulations is currently underway.

## The FV will have the following instructions:

- Administer the Fund, including managing receipt and expenditure of funds (e.g. make or receive cash payments under FERMA, etc.) in accordance with the Scheme;
- Enter into FERMA;
- Monitor and enforce contractual performance and compliance of LDCPs in respect of FERMA;
- Provide information to the Scheme Regulator in connection with the contribution determination processes associated with the Scheme, which may include preparing forecasts of financial liabilities under the SA FERM Regulations;
- Prepare an annual report for the Scheme Regulator to provide to the Minister; and
- Enter into, following recommendation from Scheme Administrator, bilateral contracts with existing generators.



# Who can participate?

Tender Round 1 is open to all eligible Projects in the SA region of the NEM that can meet the Eligibility Criteria in the Tender Guidelines. These include (but are not limited to):



**Minimum Facility size** of 30 MW and **able to continually dispatch at the Committed Output Capacity** for at least 8 continuous hours.



Proponents must have engaged in the **SA network connection process** by submitting a **connection options report, feasibility study, enquiry, or application to connect**.



Bid Entity must be **registered, or intending to register, with AEMO after Tender Launch**, or recognised as a **'new designated electricity entity'** due to replacing existing assets.



**Aggregated Facilities** are eligible to bid in this Tender Round. **Each component of an Aggregated Facility must be over 10 MW and be able to dispatch for 8 hours.**



Projects must **not be in receipt of financial support** in the form of Project capital support, periodic payments or revenue underwriting from the State or Commonwealth Government.

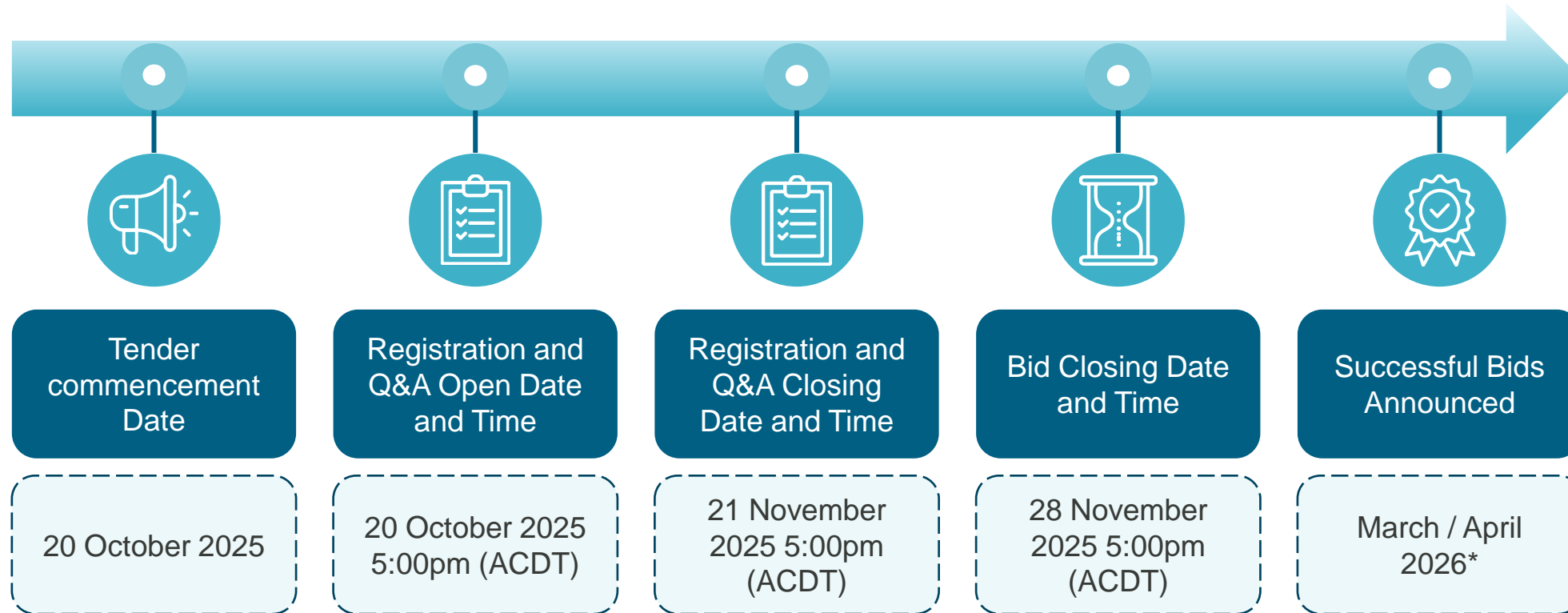


*This slide provides a summary of some Eligibility Criteria and should not be relied on - the Tender Guidelines contain the comprehensive Eligibility Criteria.*



# SA FERM Tender Round 1 timeframe

Tender Round 1 opened on 20 October and will run until April next year.



*\*Tender announcement date is indicative and subject to change, final dates will be communicated via the Online Portal.*



# Information available on our website

Key information related to Tender Round 1 is available on the Scheme Administrator's website

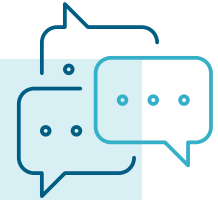
## Tender Information

- Tender Guidelines
- Tender Process Deed
- Guidance to completing returnable schedules,
- Guidance to completing the Tender Process Deed and Security for Process Bond

## Draft Project Documents

- Updated Proforma FERMA (published 27 October 2025)\*
- Compare version of FERMA against version published on 8 October 2025.

*\*Note: The updated Proforma FERMA has been modified from the initial document released on 8 October 2025. This updated version is issued for use by Proponents as part of their Bids.*



## Q&A

***Q&A will be available via the Online Portal and will be open to Registered Proponents until 21 November 2025 at 5:00pm (ACDT).***



# 02

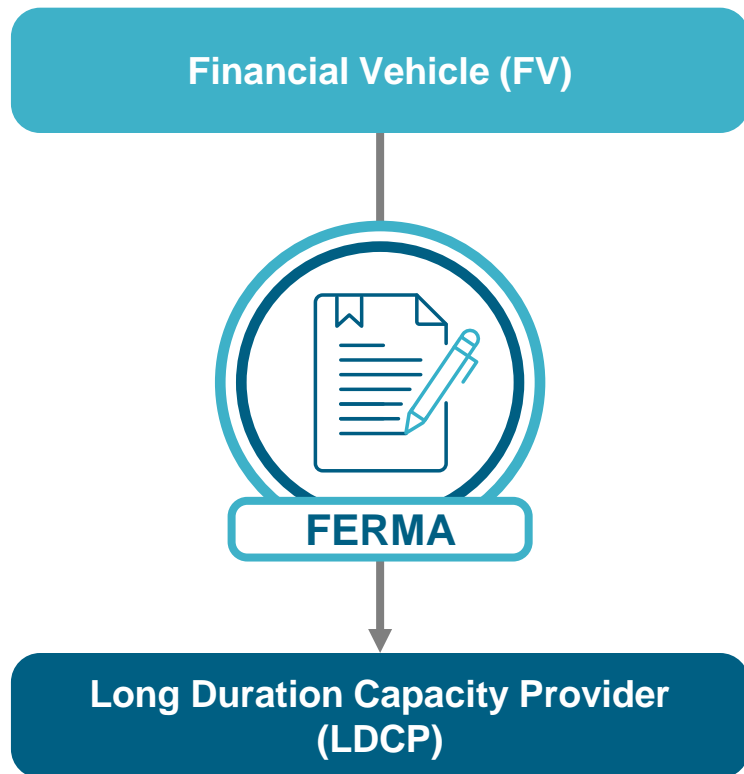
## Firm Energy Reliability Mechanism Agreement (FERMA)





# FERMA Overview

The FERMA provides a mechanism to underwrite a portion of a Project's annual Net Revenue, promoting financial certainty and incentivising reliable operational performance.



## Key features of the FERMA:

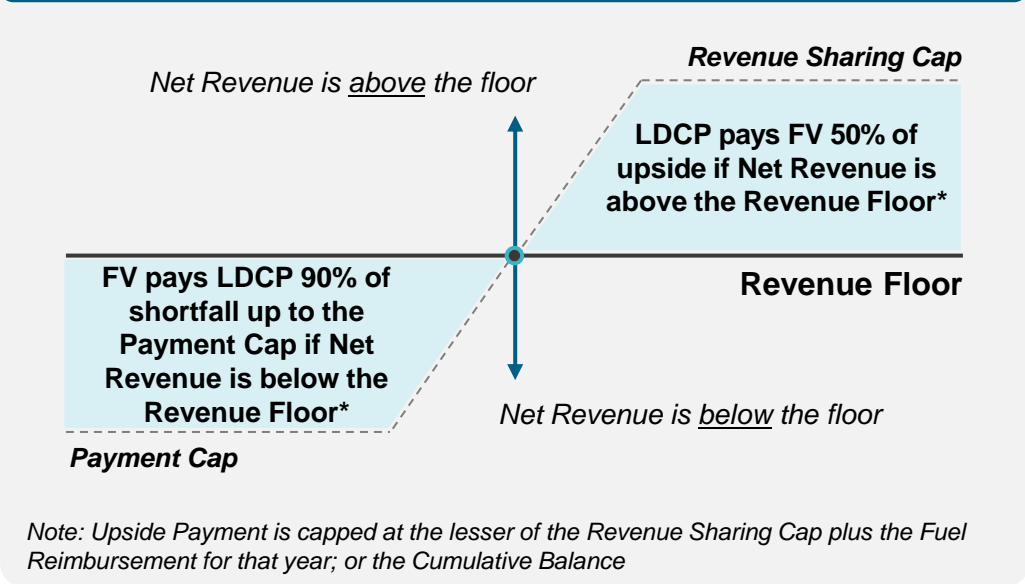
- Annual Scheme Payments when **Net Revenue falls below the Revenue Floor, up to a Payment Cap.**
- Upside Payment obligation for Proponents when **Net Revenue exceeds the Revenue Floor, up to Revenue Sharing Cap plus any Fuel Reimbursement.**
- Payments are **calculated and paid quarterly on a year-to-date basis.** Any Upside Payment payable to FV will be capped at the Cumulative Balance of previous payments (other than rebates) under the FERMA.
- Conventional (i.e. fuel-based) generators receive reimbursement for **deemed fuel costs** under the **Fuel Cost Determination.**
- **Flexibility to nominate Excluded Operational Years.**



# Key payment terms

Key commercial terms in this tender round are shown below.

## Core payment mechanics



## Key bid variables

<b>Revenue Floor</b>	Threshold which determines amount of Scheme and Upside payments.
<b>Payment Cap / Revenue Sharing Cap</b>	Maximum payment in both directions – must be symmetric.

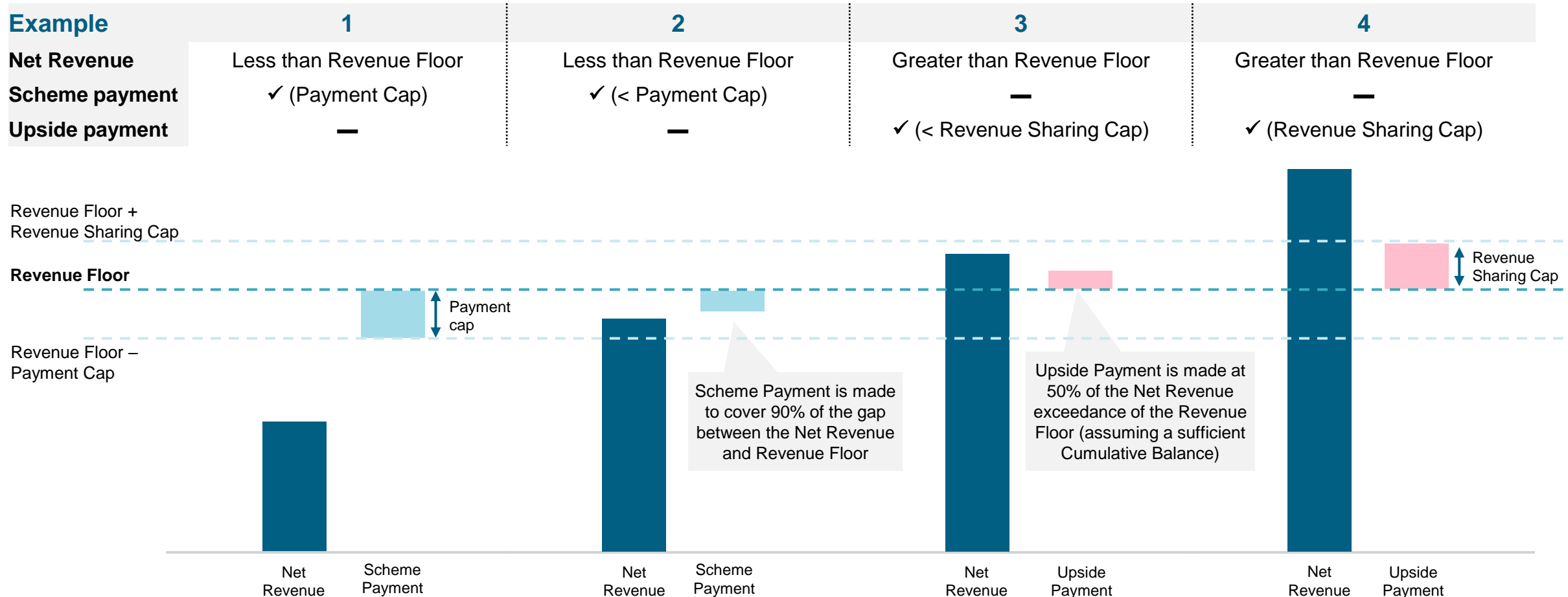
## Key commercial terms

<b>Operational Period</b>	<ul style="list-style-type: none"><li>Commencing on the later of COD and Target COD and continuing until Target COD + 15 years</li></ul>
<b>Net Revenue</b>	<ul style="list-style-type: none"><li>Net Revenue will be calculated as: Operational Revenue - Permitted Costs</li></ul>
<b>Operational Revenue</b>	<ul style="list-style-type: none"><li>Intended to cover most revenue streams derived from the Facility, e.g. from wholesale energy market, ancillary markets and any future emerging markets.</li></ul>
<b>Permitted Cost</b>	<ul style="list-style-type: none"><li>A list of specific costs that includes gross costs of importing electricity for a bidirectional unit, ancillary services, NER costs and payments under eligible contracts. Fuel costs are not included as a Permitted Cost.</li></ul>
<b>Fuel costs (conventional generators only, such as gas)</b>	<ul style="list-style-type: none"><li>For conventional generators only, a Fuel Reimbursement will be determined based on a Fuel Price Determination made by the Scheme Regulator.</li></ul>



# Example payments – bidirectional units

Four example payment scenarios are provided below. These are as assumed to be for a bidirectional unit with a Cumulative Balance that allows for Scheme and Upside payments.





# Fuel Reimbursement

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.

LDCPs are expected to exclude Fuel Costs in setting their Revenue Floor and Payment Cap to account for the Fuel Reimbursement.

The Scheme Regulator intends to prepare and consult on a Fuel Price Determination Guideline in Q2 2026.



The Fuel Reimbursement for an Operational Year is to be calculated as follows:

$$\text{Fuel Reimbursement } (FR_n) = FP_{var,n} \times HR \times CUGV_n + FP_{cons,n}$$

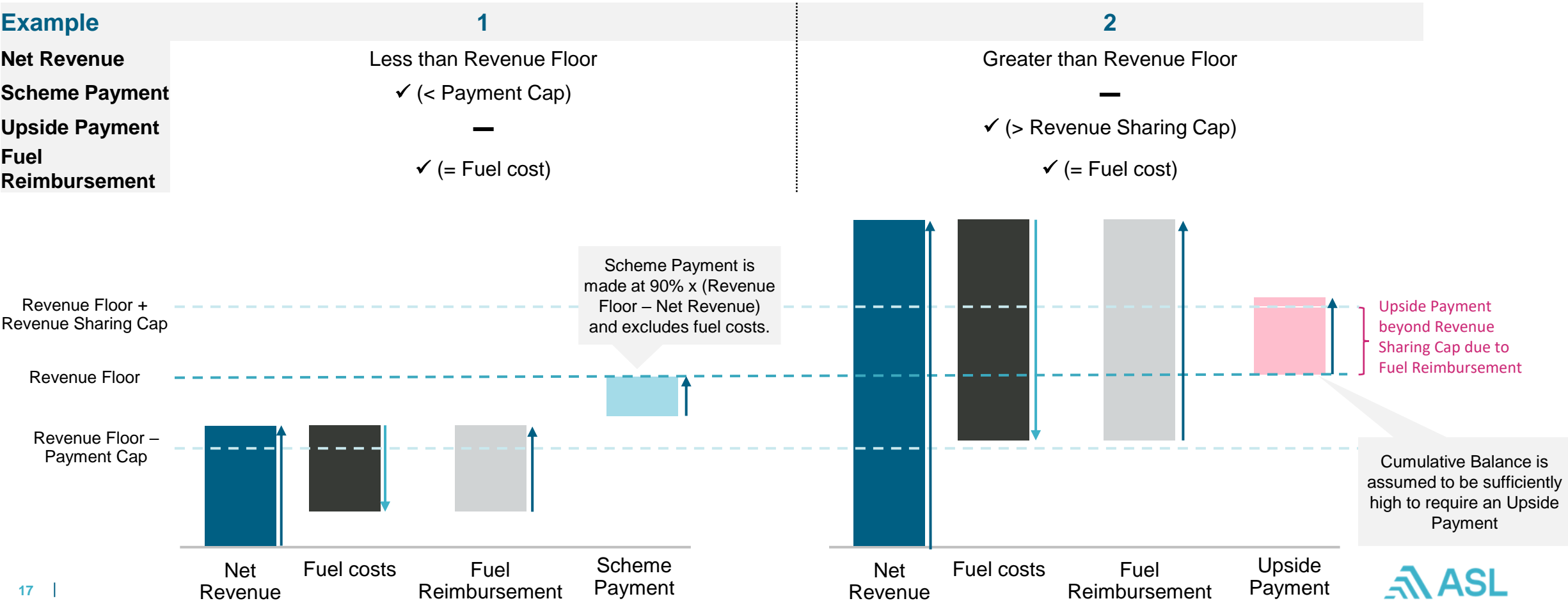
Where:

$FR_n$	The Fuel Reimbursement for the relevant Operational Year.
$FP_{var,n}$	Any variable component of the Fuel Price in the Fuel Price Determination (\$/GJ)
$HR$	The heat rate specified in item 14 of the Reference Schedule in the FERMA.
$CUGV_n$	The total energy (MWh) dispatched into the <i>NEM</i> by any conventional generating units included in the Facility during the relevant Operational Year.
$FP_{cons,n}$	Any fixed component of the Fuel Price in the Fuel Price Determination (\$/year)



# Fuel costs and Net Revenue examples

Fuel costs are not considered a Permitted Cost and are not included in the Net Revenue calculation. Where there is sufficient Cumulative Balance, Upside Payments are capped at the Revenue Sharing Cap + Fuel Reimbursement.





# Capacity Commitment obligation

LDCPs must comply with the Capacity Commitment specified in the FERMA, which ensures the facility provides long duration dispatchable capacity to the system during periods of system stress.

The **Capacity Commitment** is a **critical obligation** LDCPs must meet under the FERMA.

LDCPs must ensure their facility is able to **dispatch at least the Committed Output Capacity for 8 hours** during forecast LOR2 and LOR3 events.

**Minimum 6 hours notice** is provided before compliance periods for all technology types.

Failure to comply can lead to civil penalties under the FERM regulations and contractual remedies, including possible termination of the FERMA.

Capacity Commitment obligations and descriptions are set out below:

Obligation	Description
Compliance intervals	<ul style="list-style-type: none"><li>Forecast Lack of Reserve (LOR) 2 and LOR 3 events in the South Australian region of the NEM.</li></ul>
Capacity requirement	<ul style="list-style-type: none"><li>The LDCP must ensure that the actual capacity of the Facility is equal to at least the Committed Output Capacity during compliance periods, subject to certain relief events.</li><li>The Facility must maintain this actual capacity for 8 hours or until the compliance period ends, whichever occurs earlier.</li></ul>
LOR Notice Period	<ul style="list-style-type: none"><li>The LDCP must comply with the capacity requirement if it received this minimum notice period ahead of the compliance period commencing.</li><li>The LOR Notice Period for all technology types is 6 hours.</li></ul>
Example	As an illustrative example, a FERMA may nominate that it will have 100 MW and 800 MWh available for the Capacity Commitment over the Operational Period and could build the LDCP to a larger capacity (e.g. 300 MW   1200 MWh) to manage this.

Refer to the Tender Guidelines for full detail.



# Market Liquidity Obligations

The Market Liquidity Obligations ensures that LDCPs contribute to a liquid contract market that promotes secure, reliable and affordable electricity supply for South Australia.

In preparing a Bid, **Proponents should assume an MLO will be implemented** through Minister's Guidelines under the FERM Regulations (MLO Guidelines).

**The MLO is expected to be finalised in Q2 2026** by the Minister and the associated Minister's Guidelines will be published on the South Australia Department of Energy and Mining website.

## Proponents should assume the MLO Guidelines may prescribe that the MLO:

- Applies to a recognised electricity entity, or a new designated electricity entity who is a party to a FERMA.
- Requires a minimum percentage of an entity's Capacity Commitment to be offered through qualifying contracts over a forward Obligation Period, but not more than 20%.
- Applies during annual Obligation Periods.
  - Obligation Period 1: 1 January 2029 – 31 March 2029 (inclusive); and
  - Obligation Period 2: 1 July 2029 – 30 September 2029.
- Requires that qualifying contracts must meet certain contract specifications
- Requires that entities must make a simultaneous offer to buy and sell the same contract.
- Specifies a maximum bid spread for buy/sell offers, which will be at a minimum 5% or \$1/MWh (whichever is the highest) for all contract types, using the sell price as a basis.

Applies to Tender Category 1 entities. Obligation Periods for later categories will be defined in future Ministerial Guidelines.



# 03

## Assessment Process & Framework





# Tender 1 will be a single-stage process

Tender Round 1 will be assessed under a single-stage process with key phases below.

## Single-stage tender process

Tender  
Launches

Announce successful Bids

Bid preparation

Bid assessment and Due Diligence\*

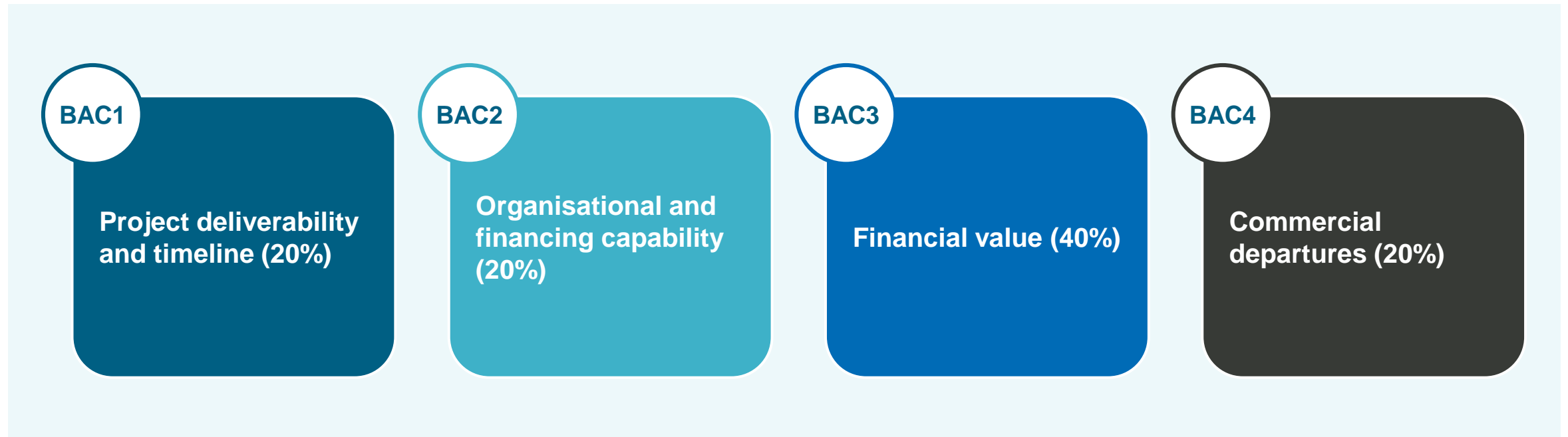
Bids  
recommended  
to FV

*\*Due Diligence can be undertaken on selected Bids any time. More information regarding Due Diligence can be found in the SA FERMA Tender Round 1 Guidelines.*



# Bid Assessment

Bids will be assessed against each of the four Bid Assessment Criteria (BAC) detailed below, which consider both the financial and non-financial merit of a Bid.



*Proponents will be assessed against each BAC based on the evidence provided, in accordance with the Tender Guidelines. Proponents are to ensure that all BACs are addressed in their Bids. Both Default and Alternative Bids will be assessed against these BACs.*



# Bid Assessment Criteria: BAC1

*Note: This slide summarises the BAC and should not be relied on. Proponents are to refer to the Tender Guidelines for full details*

**BAC1**

**Project deliverability and timeline**

**BAC2**

**Organisational and financing capability**

**BAC3**

**Financial value**

**BAC4**

**Commercial Departures**

**BAC1 objective:** Assessment on milestone progress and plan to reach COD by the relevant Target COD. Includes assessment of Project development plans, network connections, planning approvals and land tenure.

**Weighting: 20%**

## **Assessment scope\***

- Facility Development Plan and Schedule
- Network Connection Application Progress (Other Utilities if required)
- Planning and Approval Status
- Status of Land Tenure
- Native Title and Cultural Heritage assessments and consents/approvals (if required)

*\*Aggregated facilities will be assessed based on the **least progressed Facility Component** of the Project.*



# Bid Assessment Criteria: BAC2

*Note: This slide summarises the BAC and should not be relied on. Proponents are to refer to the Tender Guidelines for full details*

BAC1

Project deliverability and timeline

BAC2

Organisational and financing capability

BAC3

Financial value

BAC4

Commercial Departures

**BAC2 objective:** Assessment of relevant capability and experience, proposed delivery model, development funding and financing strategy.

**Weighting: 20%**

## Assessment scope

- Track Record
- Contracting model
- Resourcing
- Development Funding
- Financing Strategy, offtakes and fuel procurement



# Bid Assessment Criteria: BAC3

*Note: This slide summarises the BAC and should not be relied on. Proponents are to refer to the Tender Guidelines for full details*

BAC1

Project deliverability  
and timeline

BAC2

Organisational and  
financing capability

BAC3

Financial value

BAC4

Commercial Departures

**BAC3 objective:** Assessment of forecast cost and potential cost exposure as well as wholesale market and reliability benefits.

**Weighting: 40%**

## Assessment scope

- **For benefits, the Facility's:**
  - **Reliability Contribution** – ability to reduce unserved energy and improve reliability,
  - **Wholesale Market Benefits** – forecast wholesale price suppression; and
  - **System Security Services** – capability to provide system security benefits;
- **For costs, the FERMA's:**
  - **Forecast Cost** – estimated cost incurred under a FERMA; and
  - **Cost Exposure** – maximum liability (sum of Payment Caps, Fuel Reimbursement).



# Bid Assessment Criteria: BAC4

*Note: This slide summarises the BAC and should not be relied on. Proponents are to refer to the Tender Guidelines for full details*

BAC1

Project deliverability and timeline

BAC2

Organisational and financing capability

BAC3

Financial value

BAC4

Commercial Departures

**BAC4 objective:** Assessment of the nature and impact of any commercial departures from the Proforma FERMA.

**Weighting:** 20%

**Assessment scope\***

- **Departures should be limited** to those critical to the Proponent's technical requirements and **sufficient rationale is to be provided** to justify departures.
- Proponents should **consider the impacts of changing the proposed risk position** in the Proforma FERMA.

The Scheme Administrator may stop assessing a Bid where departures are determined to materially change the risk profile or exposure of the Financial Vehicle.



\*Commercial Departures must be consistent between Default and Alternative Bids



# 04

## Key items to consider in this Tender Round





# Tender Categories and Targets

To support meeting the FET, this Tender Round comprises three categories. Proponents must nominate a Required COD for their Bid that is on or before one of the Target CODs listed below.

## Tender Category 1

*Tender target:*  
**400 MW**



## Target COD

**1 November 2028**

## Tender Category 2

*Tender target:*  
**200 MW**



**1 November 2029**

## Tender Category 3

*Tender target:*  
**100 MW**



**1 November 2031**

### Considerations for Proponents:

- The Tender targets apply to the **total amount of capacity** recommended for award in Tender Round 1.
- **Tender Category 1 is a key priority.** Bids that qualify for this category and offer competitive terms ready for acceptance may enter an **accelerated process**.
- Required COD should be **as close to the Target COD as feasible**. Bids with Required CODs closer to the Target COD **may be prioritised**.
- Bidding an earlier Required COD **does not bring forward the earliest date** on which support payments commence.





# Tender Category 1: Accelerated process

As Tender Category 1 is a key priority, Bids in this category that are ready for acceptance on competitive terms may be recommended ahead of others through an accelerated process.

## The accelerated process:

- is designed to **fast-track high-quality, “ready-to-go” projects that can deliver by 2028** (i.e. Tender Category 1); and
- provides an incentive for Proponents to **submit competitive, compliant Bids ready for immediate execution.**

### How the accelerated process works – Key points for Proponents to consider



To qualify for the accelerated process, **Bids must be in Tender Category 1.**



At shortlisting, the Scheme Administrator may consider:

- Strong merit across all BACs;
- Minimal or no commercial departures; and
- Readiness for acceptance (i.e. requirements are complete and compliant).



Scheme Administrator may decide to accelerate submission of those qualifying Tender Category 1 Bids to the FV.



**Accelerated Recommended Bids are provided to the FV for execution.**



# Default and Alternative Bids

To provide flexibility and encourage commercial innovation, Proponents may also submit one Alternative Bid in respect of the same Facility and may participate in a different Tender Category to the Default Bid.

## Submission



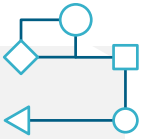
**Proponents must submit their Default Bid** which includes:

- Completed prescribed Returnable Schedules; and
- Marked up or compare versions of the FERMA.

**Proponents can submit their Alternative Bid** which includes:

- Separate version of Returnable Schedules.
- Separate versions of the FERMA.

## Alternative Bid



- An Alternative Bid is in addition to the Default Bid **without additional Security for Process Bond requirements**.
- An Alternative Bid **may participate in a different Tender Category** to a Default Bid by nominating a different Required COD.
- The Alternative Bid may differ from the Default Bid by proposing different Bid Variables, but **Project Configurations and Commercial Departures must remain consistent with the Default Bid**.
- Alternative Bids will be **assessed against the same BACs** as Default Bids.
- An Alternative Bid can be more **competitive** if it provides amended Bid Variables which have more competitive FERMA costs.



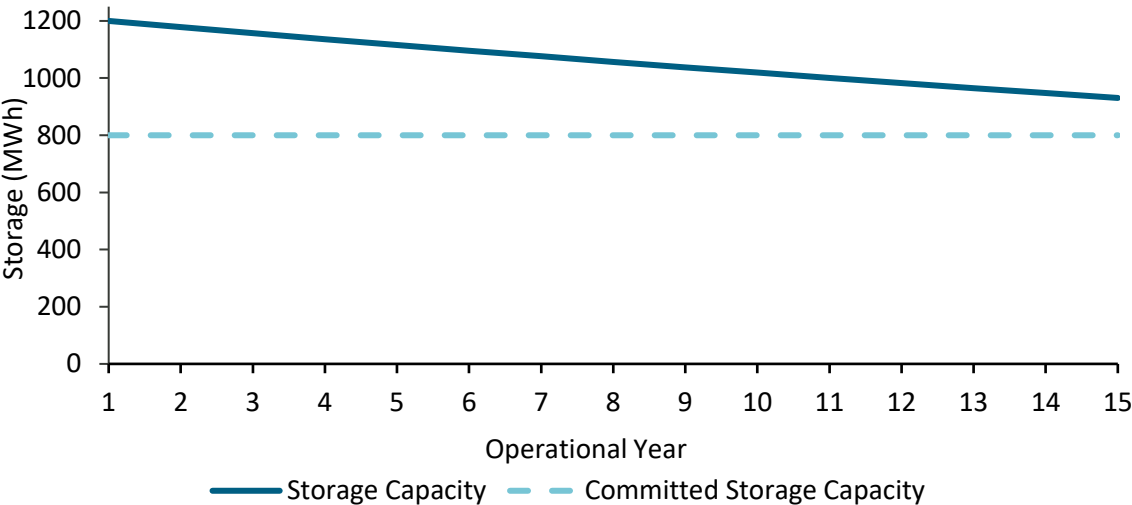
# Use of committed capacity

Proponents elect a Committed Output Capacity that can be dispatched for a minimum duration of 8 hours across the 15-year Operational Period.

## Project A



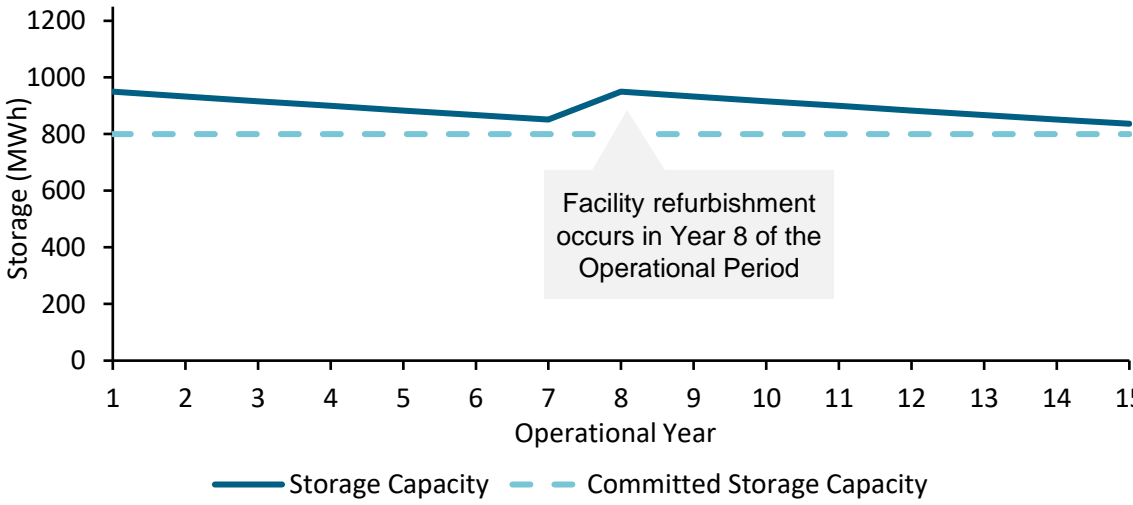
**Project A** nominates a registered capacity of **300 MW** and energy storage capacity of **1200 MWh**. Accounting for degradation, it nominates that it can provide a Committed Output Capacity of **100 MW** and Committed Storage Capacity of **800 MWh** over all Operational Years.



## Project B



**Project B** nominates a registered capacity of **100 MW** and energy storage capacity of **950 MWh**. Accounting for degradation, it nominates that it can provide a Committed Output Capacity of **100 MW** and Committed Storage Capacity of **800 MWh** over all Operational Years.



**Disclaimer:** The examples are illustrative only and are provided to demonstrate potential approaches to Committed Capacity and Committed Storage Capacity. They do not represent actual bids or outcomes.



# Reliability Contribution

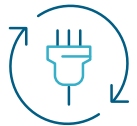
The Scheme Administrator will assess a Facility's contribution to system reliability in SA as part of BAC3 – Financial Value, and this is expected to be an important driver of outcomes.



**Reliability Contribution** is the Facility's expected ability to mitigate reliability risks by reducing unreserved energy in the SA region of the NEM.



The Reliability Contribution rewards Facilities that are **expected to contribute the most to reducing SA's reliability risks**.



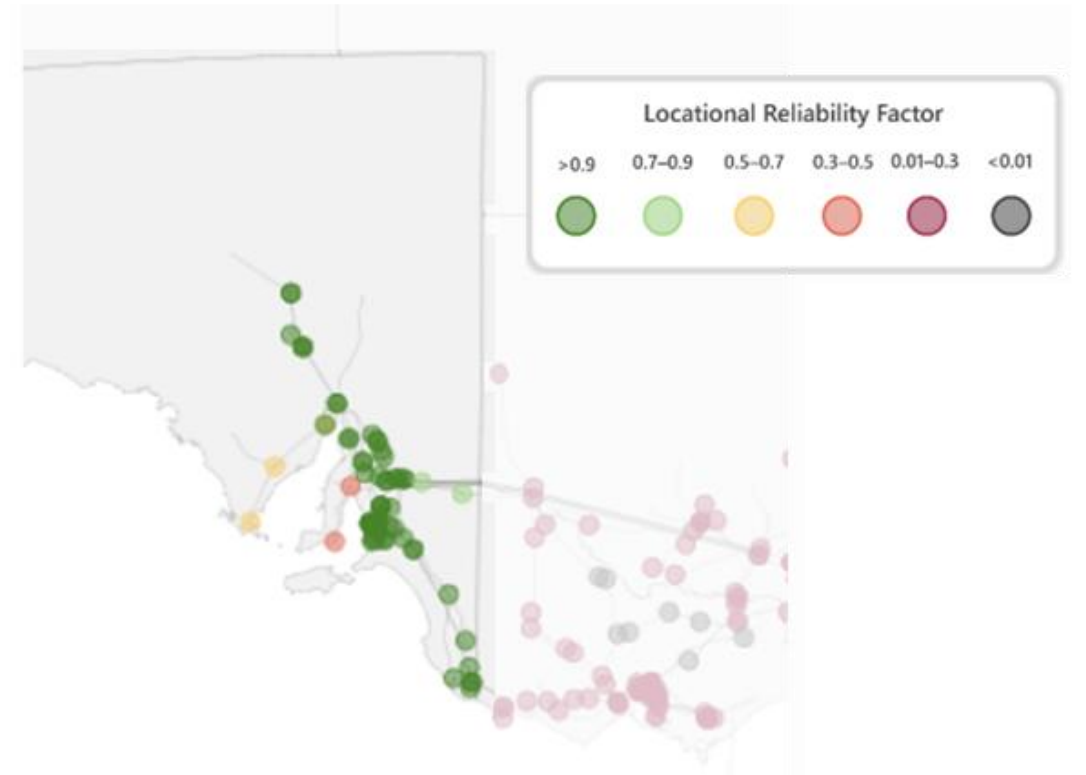
Facilities located in areas with relatively high locational reliability factors and having longer durations are expected to be competitive in this assessment (see Figure 1).



**Facilities with higher Committed Output/Storage Capacity values are expected to have greater reliability benefits.**



**Figure 1:** Locational Reliability Factors for SA for near-term operating conditions (based on Figure 69 of the 2025 Enhanced Locational Information Report).





# 05

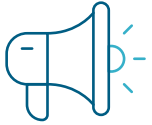
## Next Steps





# Engagement and Next Steps

We look forward to receiving your Bids.



**Registration:** Proponents are required to create an account via the Online Portal to register a Project.



**Documents:** All relevant documentation for SA FERM Tender Round 1 can be found on the Scheme Administrator's website.



**Q&A:** The formal Q&A Process is running until 21 November 2025.



**Webinar:** A recording of this webinar will be available on the Scheme Administrator's website.

**We look forward to your bid!**

**Closing date: 28 November at 5:00PM  
(ACDT)**







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