

SA FERM Tender Round 1 Bid Q&A Responses



This document provides a compilation of responses to questions received from registered Proponents on SA FERM Tender Round 1. New Q&As added to this document in chronological order and highlighted in dark blue. All Q&As are allocated to categories aligning with the Q&A form: BAC1, BAC2, BAC3, BAC4, Eligibility Criteria, Project Characteristics, FERMA Contract or Other.

This document also includes the following clarifications:

- Clarification #1 published 10 November 2025 – in relation to the Tender Guidelines (published October 2025). Proponents are advised to take this clarification into account when preparing their Bid.
- Clarification #2 published 10 November 2025 – in relation to the Proforma FERMA (published October 2025). Proponents are advised to take this clarification into account when preparing their Bid.
- Clarification #3 published 11 November 2025 – in relation to the Proforma FERMA (published October 2025). Proponents are advised to take this clarification into account when preparing their Bid.
- Clarification #4 published 11 November 2025 – in relation to the Registration and Bid submission deadlines. Proponents are advised to take this clarification into account when preparing their Bid.

All responses and correspondence by ASL regarding the Q&A Process in Tender Round 1 are subject to the Tender Assessment and Process set out in Section 2 of the [Tender Guidelines – Tender Round 1](#) (published October 2025).

Important notice: The responses are for information purposes only. They do not necessarily represent the views of the Scheme Administrator (ABN 59 651 198 364) and will not constrain any discretion that Scheme Administrator may have. These responses are not intended to provide any advice or imply any recommendation or opinion constituting advice. These responses may include assumptions about future policy outcomes and generalisations. They may not include important qualifications, details or legal requirements. ASL does not guarantee the accuracy, currency or completeness of any information contained in these responses and (to the maximum extent permitted by law) will not accept responsibility for any loss caused by reliance on them. These responses are not a substitute for obtaining professional advice.

Version Release

| Version | Release date | Changes |
|---------|--------------|---|
| 1 | 28/10/2025 | Release 1 including 1 response. |
| 2 | 5/11/2025 | Release 2 including 38 responses. |
| 3 | 10/11/2025 | Release 3 including 2 Clarification and 8 responses |
| 4 | 11/11/2025 | Release 4 including 2 Clarification and 4 responses |
| 5 | 12/11/2025 | Release 5 including 7 responses |

Clarifications

Clarification Release 1 Distributed 10/11/2025

Category

Answer

1 MLO Guidelines

Important information relating to Tender 1 – Clarification on MLO qualifying contracts time zone for Obligation Periods

Section 1.6.1 of the Tender Guidelines currently states that Proponents should assume that the MLO Guidelines, as applicable, may require that qualifying contracts meet certain contract conditions during annual Obligation Periods. In bullet number 4, sub-bullet 2, the time zone reference should be amended to **18:00 to 21:00 ACST/ACDT**.

Proponents are advised to observe the relevant local time in South Australia for each Obligation Period. This is detailed below for clarity:

- For Obligation Period 1 (1 January 2029 to 31 March 2029 inclusive): coverage must align with 18:00 to 21:00 ACDT for all weekdays (excluding South Australian declared public holidays); and

For Obligation Period 2 (1 July 2029 to 30 September 2029): coverage must align with 18:00 to 21:00 ACST for all weekdays (excluding South Australian declared public holidays), as daylight savings does not apply during July to September.

2 FERMA Contract

Important information relating to Tender 1 – Clarification of the definition of the First Operational Year

Under Schedule 6 of the Proforma FERMA, the Operational Year means each of the following periods:

- (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.

The definition of **First Operational Year in paragraph (a)** should be amended to:

- (a) the period commencing on the later of COD and the Target COD, and continuing to the subsequent 31 October (**First Operational Year**)

This definition is now inline with the commencement of the **Operational Period** under the FERMA, which commences on the later of:

- COD; and
- the Target COD (being the Target COD for the relevant Tender Category),

and ending on the date that is 15 years after the Target COD.

This means that where:

- 1) COD occurs before 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 after 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.

It is not intended that support payments would commence prior to the Target COD under any circumstance.

Clarification Release 2 Distributed 11/11/2025

Category

Answer

3 FERMA Contract

Important information relating to Tender 1 – FERMA clarification of “Committed Storage Capacity” and “Committed Output Capacity”

The terms “Committed Storage Capacity” and “Committed Output Capacity” are used in:

- 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”

In each of these items:

- “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).

4 Other

Important information relating to Tender 1 – clarification of Registration and Bid submission deadlines

- **Registration deadline:** Proponents must complete registration by 21 November 2025 at 5:00 pm ACDT. This is the last date and time to submit the Registration Form in SmartyGrants. If you are not registered by this date, you will not be able to submit a Bid.
- **Bid submission deadline:** The Bid Closing Date and Time is 28 November 2025 at 5:00 pm ACDT, as stated in the Tender Guidelines. This is the deadline for submitting your Bid.

This clarification is issued because SmartyGrants shows 21 November 2025 at 5:00 pm ACDT as the submission closing date and time. Proponents must ensure they register by 21 November in order to lodge a bid on 28 November.

Bid Q&A

| Q&A Release 1 | | Distributed 28/10/2025 | |
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| # | Category | Question | Answer |
| 1 | Other | When will the legal documents be available on the website? | <p>The following documents have now been published on the website under the Tender Documents section. These include:</p> <ul style="list-style-type: none">• Tender Process Deed – Single Proponent• Tender Process Deed – Consortium• Guide to Completing Tender Process Deed and Security for Process Bond• Updated Proforma FERM Agreement• Compare of Proforma FERM Agreement against Draft Proforma FERMA <p>A formal notification has been sent to all Proponents confirming the release.</p> |

| Q&A Release 2 | | Distributed 05/11/2025 | |
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| # | Category | Question | Answer |
| 2 | Eligibility Criteria | With respect to EC4, could you please clarify what documentation is required to demonstrate compliance? | <p>EC4 verifies that the Proponent has taken substantive steps toward establishing a network connection within the South Australian region of the NEM. Acceptable documentation should clearly indicate that the proposed Facility is actively progressing toward a viable connection to the SA region of the NEM via:</p> <ul style="list-style-type: none"> • A formal request submitted to ElectraNet for a connection options report or assessment, or to SA Power Networks for a feasibility study or engineering report; • A connection enquiry lodged by the Proponent; or • An application to connect submitted by the Proponent. |
| 3 | BAC3 – Financial Value | Is ASL able to share example payment scenarios for payments made under the FERMA. | <p>Proponents are advised to refer to the webinar slides uploaded on 29/10/25 (refer slides 15-18 for payment scenario examples) and the webinar recording on YouTube.</p> <ul style="list-style-type: none"> • Webinar slides [https://asl.org.au/-/media/services/files/sa-ferm/tender-round-1/251029-sa-ferm-tender-1-webinar-presentation.pdf?rev=d3c43b46c4b446a986b987a88061b6ae&sc_lang=en] • Webinar recording [https://www.youtube.com/watch?v=LSSfs8uzNQQ] |
| 4 | Other | Will cost associated with MLO be considered as eligible wholesale contract? | <p>Costs associated with the MLO would only be considered under an Eligible Wholesale Contract if the underlying contract meets the definition of a Qualifying Contract or a Wholesale Contract as outlined in clause 3.3 of the FERMA. A Qualifying Contract is one that satisfies the criteria specified in the FERMA Guidelines. This approach ensures alignment with Scheme requirements for Net Revenue calculations and captures contracts intended to qualify for the MLO under any future Minister’s Guidelines.</p> |

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| # | Category | Question | Answer |
| 5 | BAC3 – Financial Value | Can an Alternative Bid propose a different storage capacity for the same Facility than that proposed by the default bid, assuming other bid variables are also changed (e.g Revenue Floor, Payment Cap)? | Alternative Bids may vary any Bid Variables from the Default Bid (refer Section 1.5 of the Tender Guidelines for full list of Bid Variables). However, Project configurations such as different storage capacities for the same Facility must remain consistent with the Default Bid. |
| 6 | BAC3 - Financial Value | If the Committed Output Capacity is less than the Facility's registered capacity, will the Payment Mechanism apply to the Operational Revenue of the entire Facility? | The FERMA payment mechanism applies to the total Facility revenues (Net Revenue) for the relevant Operational Year. Refer to Section 1.5 of the Tender Guidelines and Schedule 2 of the Proforma FERMA for more details on the definition of Net Revenue and the payment mechanism. |
| 7 | BAC1 – Project Deliverability & Timeline | Do we need to have planning approval in place before submitting a bid? | Planning approval is not required at Bid submission. However, progress toward approvals will be assessed under BAC 1 – Facility Deliverability and Timeline. Higher merit Bids are likely to have a credible Facility Development Plan and schedule that demonstrates COD on or before 1 November 2028 for Tender Category 1, 1 November 2029 for Tender Category 2, and 1 November 2031 for Tender Category 3. Refer to Section 3.2 of the Tender Guidelines. |
| 8 | FERMA Contract | Is the FERMA term is fixed at 15 years, or can we propose shorter term? | The FERMA term is fixed at 15 years and cannot be shortened. Proponents may nominate Excluded Operational Years during which Scheme Payments are not payable. Refer to Section 1.5 of the Tender Guidelines. |
| 9 | Project Characteristics | Can you clarify - is a 4hr BESS duration bid at half capacity to meet 8hr requirement allowed? | Eligibility Criteria 2 requires the Facility to dispatch its Committed Output Capacity for 8 hours. A Committed Output Capacity may be less than the total export capability of the Facility. Refer to Section 3.1 (EC2) of the Tender Guidelines. |

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| # | Category | Question | Answer |
| 10 | BAC1 – Project Deliverability & Timeline | If we're aggregating multiple sites, how is progress assessed under BAC1? | For Aggregated Facilities, BAC 1 assessment is based on the least progressed Facility Component across planning, land tenure, and connection milestones. Refer to Section 3.2 and EC2 of the Tender Guidelines. |
| 11 | BAC3 – Financial Value | How do excluded operational years affect BAC3 score? | Excluded Operational Years reduce Forecast Cost and Cost Exposure under the FERMA, which may improve BAC 3 scoring. Upside Payments and other obligations continue to apply during these years. Refer to Sections 1.5 and 3.2 of the Tender Guidelines. |
| 12 | BAC4 – Commercial Departures | What sort of commercial departures are likely to be entertained? | The FERMA is offered substantially on an “as is” basis. Departures should be limited to those critical to Project delivery and supported by a clear rationale. Departures that shift financial risk to the Financial Vehicle or increase administrative burden may result in the Scheme Administrator ceasing assessment. Refer to Section 3.2 (BAC 4) of the Tender Guidelines. |
| 13 | Project Characteristics | Can I nominate my Project for more than one Tender Category? | A Proponent may submit an Alternative Bid with a different Required COD, allowing the Project to be considered under a different Tender Category. Refer to Section 2.2.4 of the Tender Guidelines. |
| 14 | Project Characteristics | If we've got a few battery sites across SA, each around 10-20 MW. Can we group these together and submit one bid? | Aggregated Facilities are permitted, provided each Facility Component exceeds 10 MW and can dispatch at the Committed Output Capacity for 8 hours. The Bid Entity must also have a protocol enabling coordinated operation as a single Facility. Refer to EC2 in Section 3.1 of the Tender Guidelines. |
| 15 | Other | What can I change in an Alternate Bid vs default bid? | An Alternative Bid may only vary Bid Variables. Project configuration and commercial departures must remain identical to the Default Bid. Refer to Section 2.2.4 of the Tender Guidelines. |

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| # | Category | Question | Answer |
| 16 | Other | When is the financial vehicle going to be ready? | The Financial Vehicle is expected to be appointed prior to contract execution. Refer to Section 5.2.3 of the Tender Guidelines. |
| 17 | Other | Will the MLO Guidelines be finalised before we submit our bid? | The MLO Guidelines are expected to be finalised in Q2 2026, after contract execution. Proponents should assume the indicative MLO characteristics outlined in Section 1.6.1 of the Tender Guidelines. |
| 18 | Other | What kind of contracts count towards the MLO requirement? | Contracts must be at least 1 MW, quoted in \$AUD/MWh, and cover 18:00–21:00 Australian Central Daylight Time on weekdays (excluding SA public holidays). They must be listed on an approved exchange, such as the ASX. Refer to Section 1.6.1 of the Tender Guidelines. |
| 19 | FERMA Contract | How will fuel costs be treated under the FERMA for gas Projects? | Fuel costs are not treated as Permitted Costs under the FERMA. Conventional generators may receive a Fuel Reimbursement based on a Fuel Price Determination made by the Scheme Regulator. Refer to Sections 1.5 and 1.7 of the Tender Guidelines. |
| 20 | Eligibility Criteria | Can we bid if our Project has received ARENA funding? | Development-phase grants such as ARENA funding are permitted. Non-concessional CEFC funding and market certificates available to multiple Projects are also permitted. Refer to EC5 in Section 3.1 of the Tender Guidelines. |
| 21 | BAC3 – Financial Value | How should we set our revenue floor to balance risk and competitiveness? | The Revenue Floor affects Scheme Payments and Upside Payments. Lower values may improve BAC 3 scoring. Conventional generators eligible for Fuel Reimbursement are expected to bid lower Revenue Floors. Refer to Sections 1.5 and 3.2 of the Tender Guidelines. |
| 22 | BAC3 – Financial Value | Does the payment cap value have to a fixed amount or can we vary it across Operational years? | Proponents may bid the Payment Cap as a fixed annual amount or as a schedule of values that vary by Operational Year. Refer to Section 1.5 of the Tender Guidelines. |

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| # | Category | Question | Answer |
| 23 | Other | Do we need to comply with MLO if we're bidding into Category 2 or 3? | Proponents should assume that there will be an MLO obligation implemented for all Tender Categories. Details of further Obligation Periods for Tender Category 2 and 3 will be outlined in the applicable Minister's Guidelines published on the South Australia Department of Energy and Mining website. Refer to Section 1.6.1 of the Tender Guidelines. |
| 24 | Project Characteristics | Can ASL further elaborate on the mechanics of the accelerated process outlined in the tender guidelines? | The accelerated process applies to Category 1 Projects that that are ready for acceptance on competitive terms, such as strong financial value or minimal commercial departures. These may be recommended for award ahead of other Bids. Refer to Section 1.3 and 2.5 of the Tender Guidelines. |
| 25 | BAC2 – Organisational & Financing Capability | What level of detail is expected for delivery partners under BAC2 - is early engagement sufficient? | Evidence of engagement is required. Confirmation of delivery partner roles, a clear resourcing plan with committed, qualified personnel, and a robust and progressed contracting model (e.g. secured contracts or advanced negotiations) may be viewed more favourably. Refer to Section 3.2 (BAC 2) of the Tender Guidelines. |
| 26 | FERMA Contract | Will there be any further updates to the Pro Forma FERMA? | Proponents should use the Pro forma FERM Agreement published on the ASL website on 27 October as the basis of their Bid. We do not envisage any further updates to the FERMA. However, ASL will issue a notification if any changes are made. |
| 27 | BAC1 – Facility Deliverability & Timeline | To be eligible, is it sufficient to have submitted a request to TNSP for the Connection Options Report or do we need to have received a completed COR back? | Please refer to EC4 for full details of what is required. EC4 notes that it is sufficient to have submitted a request to ElectraNet for the connection options report in respect of a network connection in SA. |

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| # | Category | Question | Answer |
| 28 | Project Characteristics | Are battery Projects required to have a minimum 8-hour duration post degradation for the contract term? | <p>Proponents are required to elect a Committed Output Capacity and Committed Storage Capacity. The Committed Output Capacity refers to the MW power capacity which can be dispatched at a minimum duration of 8 hours over the 15-year Operational Period. (Refer to Section 3.1, EC2 of the Tender Guidelines).</p> <p>The Committed Storage Capacity is the nominated total MWh storage capacity for bidirectional units which is required to support the 8-hour dispatch requirement over the 15-year Operational Period. Proponents are expected to account for degradation when setting the Committed Output Capacity and Committed Storage Capacity.</p> |
| 29 | Project Characteristics | Is a 2-hour battery Project eligible for the FERMA if it commits a quarter of its registered capacity under the FERMA? | A battery would be eligible to participate if it can provide a registered capacity of not less than 30 MW and must be capable of continually dispatching at the Committed Output Capacity for not less than 8 hours, for the entirety of the Operational Period. Please refer to EC 2 in the Tender Guidelines. |
| 30 | Other | Does the 400 MW capacity include the SA Government gas turbines that are currently in tender for disposal? | <p>The Tender Targets in the Tender Guidelines (400 MW, 200 MW and 100 MW for Tender Category 1, 2 and 3 respectively) apply only to the development of new long-duration dispatchable electricity capacity intended for award in this Tender Round.</p> <p>Disposal of the SA Government gas turbines is managed through a separate SA Government process. The SA FERM tender is being administered by the Scheme Administrator (ASL), which operates independently from the SA Government.</p> |

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| # | Category | Question | Answer |
| 31 | Project Characteristics | Why are fuel costs fully reimbursed but battery charging costs classified as permitted costs? | <p>The FERM Scheme is designed to be technology agnostic, and recognises that different technologies incur operating costs in different ways. The treatment of fuel and charging costs reflects both practical and policy considerations aimed at ensuring transparency, consistency, and integrity in the financial mechanism.</p> <p>This is reflected through the following (among other areas):</p> <ul style="list-style-type: none"> • Forecasts of the potential Fuel Reimbursement costs for conventional generators is considered as part of Forecast Cost and Cost Exposure under BAC3 – Financial Value as Fuel Reimbursement is a direct cost to SA electricity consumers. • It is expected Proponents of conventional generators that are entitled to receive a Fuel Reimbursement will take this into account when submitting their bid by having a lower Revenue Floor, compared with if they were not entitled to receive that reimbursement (see Table 5 Bid Variables of the Tender Guidelines). • The Fuel Price used to determine the Fuel Reimbursement is deemed by the Scheme Regulator who utilises a range of factors (e.g. market benchmarking, forward fuel pricing, efficient sourcing efforts, etc.) to ensure the level of Fuel Reimbursements costs is transparent. Charging costs of batteries are observable through AEMO. |
| 32 | Other | Is it known when Tender 2 applications will open approximately? | At this stage there is no confirmed date for Tender Round 2. Timing will be published on the Scheme Administrator’s website following Ministerial Direction to ASL. |

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| # | Category | Question | Answer |
| 33 | Other | Can more clarity be provided on the fuel cost determination? Will this be based on a market index? | <p>The Fuel Cost Determination will be set by the Scheme Regulator through a Fuel Price Determination Guideline. The AER intends to prepare and consult on a Fuel Price Determination Guideline in Q2 2026, subject to the AER’s formal appointment as Scheme Regulator.</p> <p>The Fuel Price Determination Guideline will require LDCPs to submit a Fuel Price proposal which is expected to include consideration for multiple factors such as market benchmarks, forward fuel prices, the LDCP’s fuel sourcing strategy, evidence of efficient procurement, etc. The Scheme Regulator will review these proposals when determining the Fuel Price to ensure costs are prudent and aligned with the long-term financial interests of South Australian electricity consumers. Refer to Section 1.7 of the Tender Guidelines for more detail.</p> |
| 34 | Other | Is it anticipated that there will be incremental Tenders going forward? | Any future tender rounds will be subject to Ministerial Direction to ASL, and details including timing, will be published on the Scheme Administrator’s website if and when applicable. |
| 35 | Project Characteristics | Will a successful Project only be awarded its exact bidded capacity? Would ASL reduce an unrounded capacity to help fit with the 700MW total? | The Scheme Administrator may recommend Bids according to the Committed Output Capacity that Proponents provide in their Bids. However, the Scheme Administrator may recommend an aggregate quantity of long duration capacity that is above or below the stated Tender Targets. Proponents should refer to Section 2.5 of the Tender Guidelines for details on the factors the Scheme Administrator may consider when recommending Bids to the Financial Vehicle. |
| 36 | Project Characteristics | Can my FERM Facility share the same connection asset as the CIS Facility and still have separate battery storage? | The Proponent is requested to issue a Q&A via SmartyGrants with details regarding the proposed Project configuration. This will enable the Scheme Administrator to assess the arrangement in the context of the Tender requirements. |

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| # | Category | Question | Answer |
| 37 | Project Characteristics | Can a Required COD be different to Target COD in any category? For example, for Nov 2029 Target COD could one bid July 2029 and be higher merit than Oct 2029? | Proponents may nominate a Required COD for their Bid that is earlier than the relevant Target COD for a Tender Category, however as per Section 2.5 of the Tender Guidelines, the Scheme Administrator may include lower ranked/exclude higher ranked Bids where a lower or similarly ranked Project has nominated a Required COD that is closer to the Target COD. |
| 38 | Other | At Bid submission, how can Proponents have certainty of the MLO requirements if the Minister's Guidelines aren't published/confirmed until Q1 2026? | Section 1.6.1 of the Tender Guidelines outlines what Proponents should assume the MLO Guidelines may prescribe in place of the MLO Guidelines being available at Tender Launch. Proponents are to assume these indicative characteristics when preparing and submitting their Bid. |
| 39 | Other | Can ASL please confirm whether we need to comply with the MLO obligation to offer both a buy and a sell spread? Specifically, as a generator, the sell? | The MLO Guidelines will apply to a recognised electricity entity, or a new designated electricity entity who is a party to a FERMA. Proponents should refer to Section 1.6.1 of the Tender Guidelines for details on MLO obligations and the assumptions they should follow when preparing a Bid. |

| Q&A Release 3 | | Distributed 10/11/2025 | |
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| # | Category | Question | Answer |
| 40 | Eligibility Criteria | <p>EC5 asks about Commonwealth Funding. We note that ARENA grants are excluded from limiting eligibility, however there are other sources of funds of a similar nature which are not specifically mentioned, including those run by Innovation Australia.</p> <p>Is participation in the Department of Industry, Science and Resources on behalf of Industry Innovation and Science Australia Research and Development Refundable Tax Incentive an impediment to eligibility in the FERM process?</p> <p>Is participation in the programs run by AusIndustry Division, Industry Growth Program, Department of Industry, Science and Resources an impediment to eligibility in the FERM process.</p> | <p>Projects receiving financial support in the form of Project capital support, periodic payments or revenue underwriting from the State or Commonwealth Government are ineligible to bid for this Tender Round (refer Eligibility Criteria 5).</p> <p>The Tender Guidelines provide some examples of financial support received which do not preclude eligibility, such as certain ARENA funding. Here, the R&D Tax Incentive would not be considered Project capital support, periodic payments or revenue underwriting, and would not limit eligibility.</p> <p>Other financial support received, such as that received from programs run by AusIndustry Division (or comparable government programs), will only preclude eligibility:</p> <ul style="list-style-type: none"> • if the payment received is for project capital support; • if payments received are periodic, or • if payments seek to underwrite project revenue. <p>Where clarification is required, Proponents are advised to issue a Q&A via SmartyGrants with details of the financial support received for the Scheme Administrator to assess the arrangement in the context of the Tender requirements.</p> |
| 41 | MLO | <p>The Tender Guidelines provide the qualifying contract must at a minimum cover 18:00 to 21:00 ACDT for all weekdays (excluding South Australian declared public holidays) during an Obligation Period. Could you please confirm if this also applies to Obligation Period 2 (1 July 2029 to 30 September 2029)? We note during this period, ACST applies rather than ACDT.</p> | <p>A clarification has been issued confirming that this minimum coverage period should be read as 18:00 to 21:00 ACST/ACDT, as applicable to the local time in South Australia for the relevant Obligation Period.</p> <p>Refer to Clarification 1 for full information.</p> |
| 42 | FERMA Contract | <p>Can you confirm that as the term of the FERMA is the later of the Target COD and COD to the date that is 15 years after the Target COD that the final year of the FERMA is likely to be a partial operational year and as such there should be clause</p> | <p>The FERMA Operational Period is the period commencing on the later of:</p> <ul style="list-style-type: none"> • COD; and • The Target COD for the relevant Tender Category. |

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| | | relating to pro-rating for the final year of the operational period should the final year of the operational period not align with a full operational year? | <p>and ending on the date that is 15 years after the Target COD for the relevant Tender Category. These end dates are fixed as follows:</p> <ul style="list-style-type: none"> • For Tender Category 1, the Operational Period ends on 31 October 2043 • For Tender Category 2, the Operational Period ends on 31 October 2044 • For Tender Category 3, the Operational Period ends on 31 October 2046 <p>Aside from any initial stub year that may be created if COD occurs after the Target COD, it is intended that all Operational Years will run for 12 month periods from 1 November to 31 October (Refer Table 6 – Key Commercial Terms of the Tender Guidelines).</p> <p>Refer to Clarification 2 for full information.</p> |
| 43 | Project Characteristics | Why is the Facility required to still meet an 8h continuous discharge capacity at the beginning of a Compliance Interval, even if the LOR notice has been waived? | The minimum 8-hour continuous dispatch requirement is a core Eligibility Criteria and Capacity Commitment obligation under the SA FERM Scheme (Refer to Eligibility Criteria 2 and Section 1.6 of the Tender Guidelines). It is tied to the Firm Energy Target (FET) and reliability objectives and aims to ensure contracted capacity remains available to maintain system reliability under all conditions, not only during forecast shortfalls/Compliance Intervals. |
| 44 | Other | Does the Minimum Liquidity Obligation require a minimum or a maximum of 20% of committed capacity to be available through qualifying contracts? | <p>As stated in Section 1.6.1 of the Tender Guidelines:</p> <p>“Proponents should assume that the MLO Guidelines, as applicable, may prescribe that the MLO requires that no more than a minimum of 20% of an entity’s Capacity Commitment be made available through qualifying contracts.”</p> <p>This is to be interpreted as that the MLO guidelines will define a minimum of an entity’s Capacity Commitment which will have to be made available through qualifying contracts. Proponents should assume that this minimum will not be more than 20%.</p> |
| 45 | FERMA Contract | Is there further guidance on LDCP obligations during LOR2 and LOR3 events beyond what is outlined in Schedule 4 clauses 1.2(c), 2.2, 2.3 and 3.1? | Further guidance provided will be published on the Scheme Administrator’s website if and when applicable. Registered Proponents will also be notified via the Q&A process in SmartyGrants. |

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| 46 | MLO | Can ASL provide more context on the policy intent behind the MLO? | <p>The Department for Energy and Mining conducted consultations as part of developing the FERM.</p> <p>The Department has summarised the policy context and design decisions on the MLO in Section 3.5.2 of its Stage 2 Consultation Paper:</p> <p>ASL notes that the Department for Energy and Mining will engage with industry and other stakeholders during Q4 2025 and Q1 2026 with the aim of finalising the MLO for release in Q2 2026.</p> |
| 47 | MLO | How do the Reliability Obligation and Market Liquidity Obligation interact? Who is covered under which obligation? | <p>As per Regulation 33 of the FERM Regulations, to support or facilitate the Scheme's purpose—</p> <p>(a) a <u>market customer</u> is required to act in accordance with any <u>reliability obligation</u>; and</p> <p>(b) a <u>recognised electricity entity, or a new designated electricity entity</u> who is a party to a contact under regulation 24, is required to act in accordance with any <u>market liquidity obligation</u>.</p> <p>The Reliability Obligation is an obligation to undertake certain contracting activities, and to take related steps, in the National Electricity Market (NEM) by purchasing a certain number of contracts, or having a certain net contracting position, over a particular period, in accordance with requirements specified by the Minister's guidelines.</p> <p>The Market Liquidity Obligation is an obligation to undertake certain contracting activities, and to take related steps, in the National Electricity Market (NEM) by offering a certain number of contracts, or having a certain net contracting position, over a particular period, in accordance with requirements specified by the Minister's guidelines.</p> <p>The Department will engage with industry and other stakeholders during Q4 2025 and Q1 2026 with the aim of finalising the obligations for release in Q2 2026.</p> |

| Q&A Release 4 | | Distributed 11/11/2025 | |
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| # | Category | Question | Answer |
| 48 | FERMA Contract | Is a Virtual Tolling Agreement likely to be considered an Eligible Wholesale Contract for the purposes of clause 3.3? What factors would be weighed in determining if it is? | <p>For a Wholesale Contract (that is not a Qualifying Contract) to qualify as an Eligible Wholesale Contract, it must satisfy:</p> <ul style="list-style-type: none"> • each of the requirements outlined in Schedule 5 Clause 3.3(a)(i) to (vi) of the FERMA, including the requirement that the LDCP has sold the rights to dispatch (at the counterparty's discretion and control) part or all of the Facility; and • the requirements in Schedule 5 Clause 3.3(b). <p>Under Schedule 5 Clause 3.3(c), the FV may waive any of these conditions at its discretion.</p> |
| 49 | BAC3 – Financial Value | How is Operational Revenues calculated with respect to merchant revenue and Ineligible Wholesale Contract Energy Revenue? | <p>The following example is intended to be indicative only and considers a very limited scenario which won't always be reflective of outcomes under the FERMA. It is also not intended to fetter any discretion of the FV in administering a FERMA.</p> <p>In an example where a Facility has half of its nameplate capacity rating contracted to an Ineligible Wholesale Contract, the variable 'P' may be determined to be 0.5. This is assumed to be the outcome based on a calculation in this example of the Ineligible Wholesale Contract applying to 50% of the nameplate rating of the Facility. In the event of uncertainty in determining 'P' under paragraph (a) of the description of 'P' (for example, where there is a different ratio of storage covered capacity subject to the same Ineligible Wholesale Contract), FV may exercise its ability to specify a proportion under paragraph (b).</p> <p>The Notional Quantity in a trading interval is calculated as P multiplied by Sent Out Generation (SOG) and MLF.</p> <p>The Deemed Wholesale Energy Revenue in a trading interval is the Notional Quantity multiplied by the Deemed Market Price. In this example, the Deemed Market Price is assumed to be the spot price. Although "Operational Revenue" includes both Deemed Wholesale Contract Energy Revenue and revenue from the sale of electricity into the NEM, we expect that only the higher of the two amounts in any particular trading interval would be counted to avoid double counting of revenue received in respect of spot market revenue.</p> <p>Note: Schedule 2, clause 2.1 is intended to refer to the total nameplate be amended to and total storage capacity Facility, rather than only being limited to the Committed Output Capacity and Committed Storage Capacity. This will be clarified in a separate Q&A.</p> |

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| 50 | Other | Please confirm whether the BAC1 Aggregated Facility Template is required to be submitted (even if the submission is empty or we need to write "N/A" at some point for avoidance of doubt) if our submission is not an Aggregated Facility. | The BAC1 Aggregated Facility Template is only required if your submission is an Aggregated Facility (i.e., multiple project components operating under a single FERMA). If your Facility is a single Project and not an Aggregated Facility, you do not need to submit BAC1 Aggregated Facility Template. |
| 51 | Project Characteristics | Will the Fuel Costs Determination include: <ol style="list-style-type: none"><li data-bbox="533 549 1025 604">1. reimbursement of pipeline transport costs; and<li data-bbox="533 624 1043 715">2. reimbursement of variable gas procurement costs based on market price paid (or only an average gas price over the year). | Proponents should refer to Section 1.7 of the Tender Guidelines, which provides an overview of what Proponents of conventional Facilities should assume the Fuel Price Determination Guideline may prescribe. The AER intends to prepare and consult on a Fuel Price Determination Guideline in Q2 2026. |

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| # | Category | Question | Answer |
| 52 | FERMA Contract | <p>Can the SPV holding the FERMA derive revenues outside of the Facility (e.g. for a staged project behind a single connection point) and/or the committed capacities bid in Part 5 of the Reference Schedule (e.g. for a tolling agreement on the Facility)?</p> <p>While the contract and guidelines generally seem to imply that the Facility is a virtual concept, and a Bid Entity can bid separate DUIDs under the same SPV, Schedule 5 Clause 2.1 (and EC 9 under the tender guidelines) suggest otherwise.</p> | <p>Proponents are to refer to the following clauses within the Proforma FERMA:</p> <ul style="list-style-type: none"> • Schedule 5, clause 2.1(e), which prohibits the SPV from <i>“having an ownership interest in any other electricity generation or storage project or facility (or any other business venture) or carrying on any business other than the operation of the Facility.”</i> • Schedule 4, clause 5.1(a)(ii), which prohibits installing or permitting the installation of <i>“any load, energy storage system or additional generation system behind the Connection Point for the Facility”</i> without FV’s prior written consent. Refer clause 5.1(b) for further detail on what the FV takes into account in considering whether to grant consent. • Schedule 3, clause 1.5, which notes the LDCP must deliver a Facility that meets the Specification. |
| 53 | FERMA Contract | <p>Which contract types may be deemed 'ineligible wholesale contracts'? For example, caps, virtual tolls and revenue share contracts?</p> | <p>Refer to Question 48 for details on what is required to be satisfied for a Wholesale Contract to qualify as an Eligible Wholesale Contract.</p> <p>Where these conditions are not satisfied, the contract would be deemed an Ineligible Wholesale Contract.</p> |
| 54 | FERMA Contract | <p>If an alteration is made to the Facility (under Schedule 4 Clause 5 of the Proforma) for an expansion stage (that has a separate DUID), can the revenues from that stage be excluded from 'Net Operational Revenues' for the purposes of the Financial Scheme Mechanism?</p> | <p>Revenues from an expansion of the Facility — even if it has a separate DUID — must be included in Operational Revenue and therefore in Net Revenue. There is no exclusion mechanism for expansion-stage revenues.</p> |
| 55 | FERMA Contract | <p>Can a SPV have an expansion stage outside of the Facility if it has a way to clearly separately meter the revenues?</p> | <p>Proponents are to refer to Schedule 5, Clause 2.1(e) of the Proforma FERMA, which prohibits the SPV from <i>“having an ownership interest in any other electricity generation or storage project or facility (or any other business venture) or carrying on any business other than the operation of the Facility.”</i></p> |

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| 56 | FERMA Contract | <p>During the operational period, when meeting capacity commitments during compliance intervals and fulfilling performance requirements for Actual LOR intervals, is it expected that the asset's bidding strategy must change to ensure dispatch?</p> <p>Or is bidding strategy at the discretion of the asset, provided it complies with Clause 1.2 — particularly 1.2(b) — and ensures BESS capacity is available to the market as per the capacity commitment?</p> | <p>Schedule 4, clause 2.2 requires that during each Compliance Interval, the Facility's Actual Capacity is equal to at least the Committed Output Capacity. Actual Capacity is defined as <i>"the sum of the amount of electricity (in MW) actually being dispatched into the NEM and the amount of additional reserve capacity which is capable of being immediately dispatched into the NEM"</i>. Provided the requisite level of Actual Capacity is met, clause 2.2 does not prescribe a particular bidding strategy.</p> <p>Proponents should note that Schedule 4, clause 1 does impose obligations that may impact bidding strategies.</p> |
| 57 | Other | <p>Section 1.6.1 of the Tender Guidelines indicates that the market liquidity obligations apply during 'ANNUAL' Obligation Periods. Can you please confirm that for Tender Category 1, the obligations apply only to 2029 (1 January to 31 March, and 1 July to 30 September), and not to the following years?</p> | <p>The Obligation Periods specified in the Tender Guidelines apply to Tender Category 1 entities and are currently limited to the specified periods. These periods are:</p> <ul style="list-style-type: none"> • Obligation Period 1: 1 January 2029 – 31 March 2029 (inclusive); and • Obligation Period 2: 1 July 2029 – 30 September 2029. <p>Details of further Obligation Periods (including those for Tender Category 2 and Tender Category 3 entities) may be outlined in the applicable Minister's Guidelines published on the South Australia Department for Energy and Mining website. Refer to Section 1.6.1 of the Tender Guidelines.</p> |
| 58 | Project Characteristics | <p>Could you please provide clarification on whether a project can hold contracts under two different schemes simultaneously? For example, if a Project capacity has already been successful under one scheme, can the remaining capacity be bid into the current tender? In this scenario, both capacities would share the same connect point.</p> <p>If this is not permitted, would the project be eligible to participate in the current tender if it relinquishes the existing contract?</p> | <p>Eligibility Criteria 5 requires:</p> <ol style="list-style-type: none"> (a) The Facility has not previously been awarded a Capacity Investment Scheme Agreement and does not intend to bid for a Capacity Investment Scheme Agreement; and (b) The Project is not in receipt of, and the Proponent does not intend for the Project to receive, financial support in the form of Project capital support, periodic payments or revenue underwriting from the State or Commonwealth government. <p>If a Project currently holds a valid CISA contract, it is not eligible to bid for a FERMA.</p> |