SA Firm Energy Reliability Mechanism

Market Briefing Note on outcomes of SA FERM Tender Round 1

Tender Round 1 awards six FERMAs to new Facilities in SA to provide 517 MW of long duration dispatchable electricity capacity

ASL has announced the award of Firm Energy Reliability Mechanism Agreements (**FERMAs**) in SA FERM Tender Round 1 (**Tender Round 1**) to six Long Duration Capacity Providers (**LDCPs**). The successful LDCPs will deliver Battery Energy Storage System (**BESS**) projects (the **Successful Facilities**) with a cumulative Committed Output Capacity of 517 MW and a combined Committed Storage Capacity of 4,136 MWh, as shown in Table 1, which must be made available to the market during periods of system stress. LDCPs must ensure that the Successful Facilities are able to dispatch at least the Committed Output Capacity for 8 hours during forecast LOR2 and LOR3 events throughout the Operational Period as defined in the Proforma FERMA which was provided to ASL by the South Australian (**SA**) Government and published on the ASL website.

The Successful Facilities are expected to provide a total of 1,334 MW and 5,336 MWh of nameplate capacity; an overbuild of the Facilities beyond the respective Committed Output Capacities and Committed Storage Capacities. This additional capacity may be used flexibly throughout Operational Years. The total built values including overbuild are referenced in this document as the nameplate capacity or nameplate storage capacity.

This market briefing note provides information on the Successful Facilities in Tender Round 1 and summarises key characteristics of high performing Bids. Please refer to the *Key Definitions* for further information on terms used throughout this document.

Bids were recommended to the Financial Vehicle following the completion of a competitive tender process conducted in accordance with the Regulations and the SA FERM Tender Guidelines. The Successful Facilities listed in *Table 1* demonstrated long-term value for SA electricity consumers. The FERMAs will now play an important role in supporting the development and operation of the Facilities.

Table 1: Successful Facilities in SA FERM Tender Round 1

Tender Category	Facility name	Proponent / Ultimate Parent	Technology	Committed		Nameplate	
				Output Capacity (MW)	Storage Capacity (MWh)	Output capacity (MW)	Storage capacity (MWh)
1	Goyder Battery Stage 1	Neoen Australia	BESS (Lithium-ion)	75	600	200	800
	Goyder Battery Stage 2	Neoen Australia		75	600	200	800
	Northern Battery	Ampyr Energy		125	1,000	270	1,080
	Tungkillo BESS	Iberdrola		100	800	270	1,080
2	Brinkworth BESS	Akaysha		92	736	250	1,000
	Dartmoor BESS	ZEBRE		50	400	144	576
Total		**N/A**		**517**	**4,136**	**1,334**	**5,336**

Figure 1: Location of Successful Facilities in Tender Round 1 against electricity transmission network in SA

Successful Facilities contribute toward the FET and ensuring secure, reliable and affordable electricity supply for SA

In September 2025, the SA Minister for Energy and Mining set a Firm Energy Target (**FET**) for SA of 2,300 MW for the period 2026-27 to 2030-31. ASL was appointed as the Scheme Administrator under the Regulations shortly thereafter and was directed to undertake Tender Round 1 to assist in meeting the FET.

Tender Round 1 targeted 700 MW of Committed Output Capacity across three Tender Categories each with different Target Commercial Operations Dates (**COD**).

Table 2 lists the Target COD, Tender Target and awarded Committed Output Capacity by Tender Category. The Tender Targets refer to the Committed Output Capacity, which may be less than the nameplate capacity of a Facility. Proponents nominated a required COD for their Facility that is on or before the Target COD for the corresponding Tender Category. Proponents were able to submit an Alternative Bid to participate in a different Tender Category to the Default Bid by nominating a different required COD for the Facility.

Table 2: Tender Categories

Tender Category	Target COD	Tender Target (MW)	Awarded Committed Output Capacity (MW)	
			MW	Percentage of Target
1	1 November 2028	400	375	94%
2	1 November 2029	200	142	71%
3	1 November 2031	100	0	0%
Total	**N/A**	**700**	**517**	**74%**

ASL recommended the strongest performing Bids in Tender Round 1 to the Financial Vehicle, maximising the total Committed Output Capacity for both Tender Category 1 and Tender Category 2 without exceeding the Tender Targets. Bids were received for Tender Category 3 but did not demonstrate sufficient merit to be awarded in this Tender Round and were therefore not recommended by ASL.

The Minister may direct ASL, as the Scheme Administrator, to undertake future SA FERM tenders to assist in meeting the FET, or otherwise for the purposes of the scheme.

Bid Assessment Criteria Outcomes

Successful Facilities demonstrated high merit across all BAC

Tender Round 1 received a high volume of competitive Bids, covering BESS and gas-powered generators, across various dispatch durations. Successful Facilities were awarded FERMAs because they demonstrated high merit across all Bid Assessment Criteria (**BAC**) and achieved the highest overall merit relative to other Bids.

ASL assessed the quality of each eligible Bid against four BAC. Each BAC had an associated weighting, which was used to determine overall bid scoring and ranking. The BAC and associated weightings were provided to ASL per the direction from the Minister and were published in the SA FERM Tender Guidelines. *Table 3* lists the BAC, their weighting, and characteristics of higher performing Bids. BAC 3 is discussed in further detail after the table.

Table 3: BAC weightings, descriptions and characteristics of higher performing Bids

BAC	Weighting	Characteristics of higher performing Bids
1 – Project Deliverability and timeline	20%	• Clear Facility timeline with demonstrated progress towards achieving key milestones and target dates. • Credible development plan and schedules, informed by risks and supported by industry benchmarks. • Evidence of progress toward securing land tenure and environmental approvals and showing sufficient progress towards connection agreements. • Completed heritage assessments and demonstrated engagement with Traditional Owners.
2 – Organisational and financing capability	20%	• Track record of the Proponent and its delivery partners having successfully developing comparable utility scale projects. • Well-defined contracting strategies, featuring fewer interface risks and supported by evidence of advanced negotiations. • Clear resourcing plan, with experienced delivery partners. • Committed funding, detailed budgets and letters of support from investors or parent companies to give confidence in delivering the Facility.
3 – Financial Value	40%	*Discussed in next section.*
4 – Commercial departures	20%	• Minimal material departures from the Proforma FERMA.

Assessment against BAC 3 – Financial Value

Higher performing Bids can be generally characterised as:

- intending to connect to a strong network location;
- contracting competitively in the FERMA to maintain a relatively high Committed Output Capacity for a given price and forecast cost (**Forecast Cost**); and
- expected to be capable of providing a high number of system services and make positive contributions to system strength, including BESS projects with grid-forming inverters or gas-powered generators projects.

This section provides insights into the assessment of BAC 3 which assessed the financial value of a Facility and Bid across several cost and benefits components.

Benefits were assessed across each Facility's:

- forecast impact on reducing wholesale electricity costs in SA (**Wholesale Market Benefits**);
- potential to reduce modelled unserved energy in SA (**Reliability Contribution**); and
- capability to provide system security services and make positive contributions to system strength (**System Security Services**).

Cost was assessed across each Bid's:

- Forecast Cost to the Financial Vehicle under the FERMA, which is a function of bid variables and modelled revenues; and
- maximum liability (**Cost Exposure**), which is calculated by assuming the Payment Cap is paid in full throughout the Operational Period.

For conventional generators (e.g. gas-powered generators), forecasts of the potential Fuel Reimbursement costs were also considered in the cost components.

Bids were scored on four metrics including:

- **Benefit-Cost Ratio** – calculated as Wholesale Market Benefits divided by Forecast Cost;
- **Reliability-Cost Ratio** – calculated as Reliability Contribution divided by Forecast Cost;
- System Security Services; and
- Cost Exposure.

Stronger performing Bids scored highly on both the Benefit-Cost Ratio and Reliability-Cost Ratio.

The BAC 3 methodology is comprehensively outlined in Section 3.2 of the Tender Guidelines.

Forecast Cost was a key driver of outcomes in BAC 3 as it denominated Benefit-Cost Ratio and Reliability-Cost Ratio. Successful Bids were generally lower cost per MW of Committed Output Capacity than other Bids in Tender Round 1. They had relatively low Revenue Floors and Payment Caps per MW of nameplate and Committed Output capacities as well as per MWh of storage capacities.

To be competitive in BAC 3, the Revenue Floor and Payment Cap should be developed in a targeted way to suit the Proponent's needs while minimising FERMA costs to SA electricity consumers.

A competitive Revenue Floor minimises Forecast Cost and a competitive Payment Cap minimises both Forecast Cost and Cost Exposure. On average, successful Bids had Payment Caps equal to around 30% of their Revenue Floors, indicating that they were accepting some market revenue risk and not overly relying on the FERMA.

There is flexibility embedded in the FERMA which balances providing support to Proponents while unlocking value for consumers. For example, some Proponents excluded Operational Years, which reduces the number of periods in which the Financial Vehicle may be required to make FERMA payments. This further increased competitiveness by reducing both Forecast Cost and Cost Exposure. Operational Years could be excluded if Proponents do not expect to require financial support in particular years, for example where they forecast sufficiently high operational revenues without the FERMA.

Table 4 provides representative values for bid prices.

Table 4: Average Equivalent Payment Cap and Average Equivalent Revenue Floor for Successful Facilities

Projects	Technology	Maximum Contract term	Average Equivalent Payment Cap ($, Real 2026)[1]	Average Equivalent Revenue Floor ($, Real 2026)[2]
Successful Tender Round 1 Facilities	BESS	15 years	$145,000/MW/year $18,000/MWh/year	$510,000/MW/year $64,000/MWh/year

The Average Equivalent Payment Caps and Average Equivalent Revenue Floors in *Table 4* (together, the **Average Equivalent values**) are MW-weighted averages, based on the Committed Output Capacity, across the successful Facilities. The values are representative of bid prices and not cost outcomes under a FERMA.

The Average Equivalent values are intended to represent bid prices equivalent to the awarded FERMAs' but on default terms without excluded periods. Proponents could bid the Payment Cap and Revenue Floor as either a single fixed price or as a schedule of prices which vary by Operational Year. Proponents could also exclude Operational Years. The Average Equivalent values have recalculated the bid prices as if they were a single fixed price, subject to escalation at the lesser of CPI or 3% per annum, and on the maximum allowable contract term (15 years) with no excluded periods to enable for like-for-like comparison. A CPI assumption of 2.5% per annum was also applied.

Per MW and per MWh values are based on Committed Output Capacity and Committed Storage Capacity. The values would be lower if normalised by nameplate capacity and the nameplate storage capacity.

1 Values are provided per MW of Committed Output Capacity or MWh of Committed Storage Capacity, and have been averaged by MW of Committed Output Capacity. Per MW values are rounded to the nearest $5,000 and per MWh values are rounded to the nearest $1,000.
2 Ibid.

Table 5 outlines further key characteristics of high performing bids against BAC 3.

Table 5: Characteristics of high performing Bids in BAC 3

Key scoring metrics	Characteristics of higher performing Bids in BAC 3
Benefit-Cost Ratio	Benefit-Cost Ratio was a primary scoring metric and was a strong indicator for a high overall BAC 3 score. Benefit-Cost Ratio rewards value for money, rather than just low Forecast Cost. Higher performing Bids on this metric have relatively high Wholesale Market Benefits and a relatively low Forecast Cost. All Successful Facilities were forecast to have Wholesale Market Benefits that exceed their Forecast Cost.
Reliability-Cost Ratio	Reliability-Cost Ratio was also a primary scoring metric and was a strong indicator for a high overall BAC 3 score. Higher performing Bids on this metric have a relatively high Reliability Contribution and a relatively low Forecast Cost. The Reliability Contribution rewarded Bids located in strong areas of the network, for having a longer storage duration (above the minimum duration requirement) and for maximising Committed Output Capacity relative to nameplate capacity.
Cost Exposure	Cost Exposure considered the maximum potential payments from the FV over the full Operational Period determined by the Payment Cap, any Excluded Operational Years and potential Fuel Reimbursement costs for conventional generators (e.g. gas-powered generators). Bids were assessed favourably if they had a competitively low Cost Exposure. Reducing the Payment Cap and excluding Operational Years were impactful in reducing Cost Exposure.
System Security Services	This metric rewarded Bids which were assessed as being capable of contributing to a high number of essential system security services. This included an assessment of the potential for Bids to have lower system strength remediation costs and being capable of providing fault current.
Bid characteristics	
Bid Prices	Lower values of Payment Cap and Revenue Floor put downward pressure on Forecast Cost and Cost Exposure, which improve BAC 3 scoring. Features of a competitive Bids include: • lower-priced Payment Cap and Revenue Floor (with Payment Cap generally being the more impactful of the two); and • Excluded Operational Years contracted in the FERMA. Bid prices were considered per MW of nameplate and Committed Output Capacities and per MWh of storage capacities.
Committed Output Capacity	Proponents elect a Committed Output Capacity that their facility is able to dispatch for 8 hours during forecast LOR2 and LOR3 events subject to sufficient notice. The Reliability Contribution rewarded Bids for having a high Committed Output Capacity, relative to their nameplate capacity.
Dispatch Duration	All else being equal, higher dispatch duration was assessed favourably. For BESS projects, longer durations tended to provide higher Wholesale Market Benefits. Gas-powered generators were rewarded under both the Reliability Contribution and Wholesale Market Benefits for their ability to dispatch for longer periods of system stress and extended periods of high price.
Network Location	Being well located in a strong part of the network was expected to allow a facility to dispatch to load centres, particularly during periods of highest need. A good network location was expected to have a positive impact on Wholesale Market Benefits and Reliability Contribution.

Key Definitions

Term	Definition
BAC	Bid Assessment Criteria.
COD	Commercial Operations Date.
Committed Output Capacity	The required capability (expressed MW) of the Facility (in aggregate) to dispatch power into the NEM through the connection point at any given time.
Committed Storage Capacity	The required storage capacity (expressed in MWh) of all bidirectional units included in the Facility (in aggregate) to store energy which is able to be dispatched into the NEM (in one discharge cycle) through the connection point.
Facility	Long duration electricity generation and/or storage facility.
FERMA	Firm Energy Reliability Mechanism Agreement.
FET	Firm Energy Target.
Fuel Reimbursement	For conventional generators (e.g. gas-powered generators) only, a Fuel Reimbursement will be determined based on a Fuel Price Determination made by the Scheme Regulator.
FV	Financial Vehicle. Equity Trustees Limited was appointed as the SA FERM Financial Vehicle.
LDCP	Long Duration Capacity Provider.
LOR	Lack of Reserve.
Net Revenue	Calculated as: Operational Revenue – Permitted Costs.
Payment Cap	The maximum amount of Scheme Payments to be paid by the FV to the LDCP in any Operational Year (in $/year). It must be the same as the Revenue Sharing Cap.
Regulations	*National Electricity (South Australia) (Firm Energy Reliability and Orderly Exit Management) Regulations 2025* (SA).
Revenue Floor	The net revenue threshold which determines whether Scheme Payments or Upside Payments are payable, and also the amount of such payments (in $/year).
SA	South Australia.
Successful Facilities	Projects to be delivered under an awarded FERMA.
Tender Round 1	Firm Energy Reliability Mechanism Tender as directed by the Minister of Energy and Mining.

See the Tender Guidelines or Proforma FERM Agreement (found here on ASL website) for any definitions that are not included in this glossary.


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