

Minister’s Guidelines

Pursuant to Regulation 8(1)(d) of the National Electricity (South Australia) (Firm Energy Reliability and Orderly Exit Management) Regulations 2025

Effective 1 October 2026

Revision history

Version	Publication date	Effective Date	Comment
1.1	14 September 2026	1 October 2026	Amendment to provide for aggregation of trading partners
1.0	11 June 2026	1 October 2026	New Guideline for market liquidity obligation

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FERM Market Liquidity Obligation Guidelines

Overview

Regulation 33 of the *National Electricity (South Australia) (Firm Energy Reliability and Orderly Exit Management) Regulations 2025* (Regulations) provides for the introduction of reliability and market liquidity obligations on certain market participants to support the scheme's objectives.

Regulation 33(1)(b) specifies that a 'recognised electricity entity, or a new designated electricity entity who is a party to a contract under regulation 24, is required to act in accordance with any market liquidity obligation'.

For the avoidance of doubt, any requirements outlined in these Guidelines are in addition to and do not derogate from the requirements contained in the Regulations, including in relation to the functions and obligations of the Scheme Regulators and recognised electricity entities.

For the purpose of the Regulations and these Guidelines, the following entities have been appointed by the Minister as Scheme Regulators pursuant to regulation 9(1)(b) of the Regulations:

- 1) the **Essential Services Commission of South Australia** (ESCOSA) - to undertake the NOI process (amongst other functions); and
- 2) the **Australian Energy Regulator** (AER) - to oversee and monitor compliance with the scheme and oversee the NOI revision, exemption process and market liquidity obligations (amongst other functions).

Unless otherwise defined, capitalised terms in these Guidelines have the meaning set out in the Regulations.

To ensure these Guidelines are fit-for-purpose, they are subject to annual review.

Regulation 33(2)(b) defines market liquidity obligation (MLO) as 'an obligation to undertake certain contracting activities, and to take related steps, in the 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'.

This section of the Minister's Guidelines outlines the FERM MLO under regulation 33(1)(b).

Obligated participants

Entities captured under regulation 33(1)(b) and listed in the [List of long duration capacity providers](#) published on the Department for Energy and Mining's website are designated FERM MLO "**obligated participant(s)**".

This obligation enters into effect in South Australia from 1 October 2026.

Nomination of alternative entity

An obligated participant may appoint an alternative entity to perform the obligation on its behalf in the following circumstances:

- 1) Appointment of an authorised trading counterparty (e.g. a related entity or approved market participant) where the obligated entity has an agreement with that counterparty.
- 2) Where an Existing designated electricity provider has entered into a tolling or offtake arrangement to sell a part of its capacity to a registered market participant or participants, the obligation is transferred to the nominated registered participant.
- 3) Where a New designated electricity entity has entered into an Eligible Wholesale Contract and has notified the Financial Vehicle of the execution of the contract as per the conditions of the [relevant FERM Agreement](#) (FERMA), the obligation is transferred to the Eligible Wholesale Contract counterparty.

Nomination of an alternative entity must be made in writing to the AER at ferm@aer.gov.au including the contact details of the nominated alternative entity prior to the alternative entity performing MLO obligations.

Trading platform

The Australian Securities Exchange (ASX) is the designated trading facility for the trading of FERM MLO products from 1 October 2026.

In determining the trading platform, consideration has been given to:

- a reasonable expectation that relevant FERM MLO products will be traded on the trading facility
- data published by the operator of the trading facility is consistent with data that would ordinarily be made available by public exchanges that facilitate energy financial market contracts in Australia

- the operator of the trading facility can provide relevant trading data, when requested, for the purposes of monitoring compliance.

Trading requirements

When assessing whether an obligated participant has performed its obligation, trading in the current quarter is excluded.

FERM MLO products offered must be either accepted or available for at least 25 minutes during a FERM MLO trading period on the ASX.

Trading Period

To meet the FERM MLO, obligated participants must post bids and offers for this participant category's FERM MLO products on a MLO exchange during the following trading period:

- 11:00 am to 11:30 am (Eastern Standard Time or Eastern Daylight Saving Time as applicable in Sydney).

Products

FERM MLO products for obligated participants, as defined in the Regulations, are standard ASX \$300 cap contracts, traded in SA (ASX codes GS SA\$300 and RS SA\$300).

A FERM MLO product for obligated participants products must be traded in 1MW parcels.

Minimum volume

Subject to the Trading Group provisions of these Guidelines, the minimum volume for the FERM MLO for obligated participants is the lower of:

- 1) 2%¹ of the combined firm² registered aggregated nameplate capacity of obligated participants³ as published in the AEMO NEM Generation Information; or
- 2) 3MW

per trading day beginning in the next full quarter for a forward three-year period⁴.

¹ Where the 2% results in a fraction of a MW, the requirement will be rounded down to the nearest whole MW (e.g. if the 2% of the obligated entity or trading group/partner firm capacity equates to 2.6 MW the requirement will be 2 MW)

² "Firm" has the same meaning as a long duration dispatchable electricity capacity in the National Electricity (South Australia)(Firm Energy Reliability and Orderly Exit Management) Regulations 2025 - means dispatchable electricity capacity with a minimum of 8 hours of continuous rated output. This also includes those facilities contracted under a FERMA contracted parties at their nameplate capacity added to their firm group total.

³ Minimum daily trading volumes will apply to new LDFC assets following reaching their commercial operation date (COD), including those that are awarded a FERMA.

⁴ For example, in Q4 2026 an obligated participant would be required to post bids and offers for all quarters from Q1 2027 to and including Q4 2029.

Trading Groups

Where obligated participants are identified as members of a Trading Group in the List of Long Duration Capacity Providers, those obligated participants must satisfy the Minimum volume requirement as members of that Trading Group.

The Minimum volume requirement applicable to a Trading Group is the sum of the firm registered aggregate nameplate capacity that would otherwise apply to each member of the Trading Group

For the purposes of determining compliance with the Minimum volume requirement, the volume made available by members of a Trading Group is aggregated.

Bid-offer spread

FERM MLO products for obligated participants must have a maximum bid-offer spread of 10% (sell price basis).

Trading exemptions

A FERM MLO obligated participant is not required to perform its MLO requirements in the following circumstances:

- 1) if doing so would be inconsistent with the requirements to comply with sections 588G, 588V and/or 1043A of the *Corporations Act 2001* (Cth) by the entity, an officer of the entity or its nominated trading participants;
- 2) when the trading of FERM MLO products is suspended on a relevant Platform in the relevant region;
- 3) where the relevant obligated participant or its alternative entity has been suspended or prohibited from trading in accordance with the rules of the Platform or the *Corporations Act 2001* (Cth);
- 4) where an obligated participant is also a MLO Generator listed on the South Australia MLO Register, but only for a MLO period declared as a NEM Retailer Reliability Obligation (RRO) forecast reliability gap following the declaration of a T-3 Reliability Instrument.
- 5) where otherwise prescribed in these Guidelines.

Volume limits

A FERM MLO obligated participant is not required to perform its FERM MLO obligation in relation to a FERM MLO product on a FERM MLO trading day to the extent that the

participant has already entered into existing qualifying MLO transactions for an equivalent product that equals or exceeds the participant's minimum volume requirement for that FERM MLO product and trading day under these Guidelines.

If a FERM MLO obligated participant's existing qualifying MLO transactions for a FERM MLO product on a FERM MLO trading day are less than the participant's minimum volume requirement for that product and trading day, the participant is only required to perform its FERM MLO in respect of the difference between:

- 1) the participant's minimum volume requirement for that FERM MLO product and trading day; and
- 2) the aggregate quantity, in MW, of the participant's existing qualifying MLO transactions for that product and trading day.

For the purposes of this clause, existing qualifying MLO transactions means, for a FERM MLO obligated participant, a FERM MLO product and a FERM MLO trading day, the aggregate quantity, in MW, of transactions entered into by, or on behalf of, that obligated participant under an existing market liquidity obligation that:

- 1) relate to a product that is equivalent to the relevant FERM MLO product;
- 2) relate to the same region and relevant quarter as the FERM MLO product;
- 3) were entered into on a trading facility recognised under these Guidelines; and
- 4) are supported by records sufficient for the AER to assess whether the participant's minimum volume requirement has been satisfied.

Where an alternative entity performs, or has performed, an existing market liquidity obligation on behalf of a FERM MLO obligated participant, any existing qualifying MLO transaction entered into by that alternative entity is taken to have been entered into on behalf of the FERM MLO obligated participant for the purposes of this clause.

A transaction must not be counted more than once for the purposes of determining whether a FERM MLO obligated participant has satisfied its minimum volume requirement for a FERM MLO product on a FERM MLO trading day.

Nominated exempt periods

In addition to the above exemptions, a FERM MLO obligated participant may nominate at its discretion a maximum of 5 days (on a 20-trading day rolling basis) where it will be exempt from the requirement to comply with its FERM MLO.

Any such nomination must be made in writing to the AER at ferm@aer.gov.au in accordance with the FERM MLO guidelines and include detailed reasons for the nomination⁵.

Extreme market stress and volatility provisions

For periods of prolonged extreme market stress and volatility, which severely reduces market liquidity, participants may be notified in writing by the Minister under regulation 33(4)(a) and 33(4)(b) to be exempt from complying with the obligation under the regulations for a limited period.

The Minister in consultation with obligated participants may also have regard to amending the trading parcels, minimum volumes and bid-offer spread in these guidelines for a limited period to maintain market liquidity during these periods of extreme market stress and volatility.

⁵ *The reasons may include, but are not limited to, to both planned events (e.g. scheduled system outages or staff unavailability) and unforeseen circumstances (e.g. force majeure). These exemptions are not intended to be used as business-as-usual, and participants are expected to manage their obligations so that exemptions remain available for genuine need when required.*