



17 August 2020

Australian Energy Market Commission
System Services Rule Changes Consultation Paper
GPO Box 2603
Sydney 2001

System Services Rule Changes Consultation Paper

The South Australian Chamber of Mines and Energy (SACOME) welcomes the opportunity to make this submission to the Australian Energy Market Commission's (AEMC) System Services Rule Changes Consultation Paper (the Paper).

SACOME is the peak industry body representing companies with interests in the South Australian minerals, energy, extractive, oil and gas sectors and associated service providers.

SACOME recognises that the AEMC's consultation relates to the six rule change requests it has received from Delta Electricity, Hydro Tasmania, Infigen Energy and TransGrid that seek to amend National Electricity Rules (NER) arrangements for the provision of services necessary for the secure and reliable operation of the National Electricity Market (NEM).

SACOME understands the importance of maintaining network supply, reliability and security. These factors, alongside energy affordability are of paramount importance to resources sector operators and have a direct impact on business viability, new project development and investment decisions.

SACOME appreciates that the common objective of the rule changes is to make sure the provision of key ancillary services (e.g. FCAS) that are no longer available at the same level or in the same way as they were in the past, are replaced or made available through different arrangements.

SACOME submits that, historically, these key system services have been provided by generators. Therefore, it would be most efficient that generators continue to have an obligation to provide and/or procure these ancillary services from the market. Any additional costs to generators can be factored into their bid price, resulting in "smeared" recovery of costs evenly across all market users in a more predictable and efficient manner.

South Australian Chamber of Mines & Energy

Level 3, 115 King William Street, Adelaide, SA 5000 | +61 8 8202 9999 | sacome@sacome.org.au | www.sacome.org.au
https://sacom.sharepoint.com/Team Data/S2 - Submissions/2020/SACOME_AEMC System Services Rule Changes
Submission.docx

SACOME member companies continue to raise concerns about escalating costs as a result of ever-increasing market interventions. SACOME member companies have stated these additional costs are unknown, unbudgeted, place pressure on large energy users at the time of receipt, and further compound an unsustainable operating environment for industry.

The energy needs of the resources sector are distinct given the scale of the operations; the quantity of energy required to power them; the consequences of an interruption to supply; and access to energy as a pre-requisite to project development.

On this basis, SACOME submits it does not support any rule changes that will substantially increase energy prices for SACOME member companies, many of whom are large energy users.

SACOME thanks the AEMC for the opportunity to provide feedback to the Paper and remains committed to ongoing dialogue with the AEMC in relation to these matters.

Kind regards



Rebecca Knol
Chief Executive Officer