

11 July 2025

Department of Energy & Mining
Level 4, 11 Waymouth Street
ADELAIDE SA 5000

Via email: dem.ferm@sa.gov.au

Submission to the Firm Energy Reliability Mechanism Consultation – Stage 2

The South Australian Chamber of Mines and Energy (SACOME) is the leading industry association representing the South Australian resource and energy sector, a powerhouse of the State's economy.

SACOME welcomes the opportunity to make this submission in response to the Department of Energy & Mining's Firm Energy Reliability Mechanism (FERM) Consultation – Stage 2.

1. Support for Energy Users Association of Australia's Submission

As a member of the Energy Users Association of Australia's (EUAA), SACOME expresses its support for the EUAA's submission to the FERM Stage 2 consultation process and the positions expressed therein.

2. Cost to Consumers

SACOME notes that DEM were again unable to provide any indication of the likely cost of the FERM to consumers during the consultation session held on 27 June 2025. The continuing lack of transparency regarding FERM costs remains a point of concern.

SACOME reiterates the positions expressed in its submission to the initial FERM Design Consultation Paper in 2024 regarding the continuing escalation of energy system costs to South Australian consumers.

We note that DEM will meet the cost of the FERM through a cost recovery method administered by Transmission Network Service Providers (TNSPs) and acknowledge that DEM's intent is to equitably spread the cost of the FERM across the whole of the South Australian consumer base.

While we recognise that South Australia continues to be at the forefront of the energy transition process and that this presents a complicated array of technical challenges, the operational reality is one of continually increasing expense for consumers.

Research commissioned by SACOME in 2023 demonstrated that direction charges, largely borne by commercial and industrial customers, increased from \$6.15 million in Q4 2019 to \$19.94 million in Q4 2022, a 224% increase.

An array of regulatory, pass-through and market intervention charges are being passed on to businesses - and inevitably consumers - with large industrial customers reporting that market intervention costs now account for approximately 20-30% of their electricity bills.

SACOME expresses concern that the FERM represents yet another such charge to South Australian energy consumers at a time where South Australian electricity prices remain the highest in the nation.

SACOME again cautions that continuing to impose new levies upon the South Australian customer base risks undermining business viability and the investment attractiveness of South Australia as a jurisdiction.

We reiterate that strategic energy policy reform in the form of an Energy Transition Roadmap continues to be an urgent priority, particularly at a time where South Australia's electricity prices remain the highest in the nation.

SACOME remains committed to working collaboratively with the DEM and the South Australian Government to progress energy policy outcomes that meet the needs of the South Australian resources sector.

Yours sincerely



Rebecca Knol

Chief Executive Officer

South Australian Chamber of Mines & Energy