



Some Learnings from the Ai Group Energy Briefings 20th July 2017

There are significant rises in coming months that will affect manufacturers and other users of gas and electricity as their current contracts expire. A recent blog by Tennant Reed, Principal Policy Adviser at Ai Group, explains the causes <http://blog.aigroup.com.au/mind-the-gap-why-are-businesses-seeing-such-large-energy-price-increases/> .

The Briefings on 20th July at Ourimbah and Thornton explored the reasons and what companies may be able to do to mitigate the impacts. If you would like a copy of the Powerpoint presentations please let us know on 02 4925 8300 or email judy.martin@aigroup.com.au

Here are some of the headlines:

- The current gas price projections on the East Coast have come about due to a massive expansion in the exporting of LNG from Queensland. Increases in commodity prices as high as 300% have been experienced and threaten the viability of many of our Members' operations.
- Ai Group has been lobbying to Government for many years on behalf of our Members to ensure that regulation is put in place to secure sufficient gas for domestic use. The Government will make an announcement in September 2017 about how guaranteed supply will take place.
- The price of electricity is now more influenced by gas pricing, so containment of gas prices has a wider effect than just for gas users.
- Users need to know the breakdown of their electricity bill to understand the distinction between Retail energy charges and network charges. A consultant or broker could assist you to reduce some of these charges and negotiate a better rate. A cross check of network tariffs and demand / Power Factor control is usually the first and best way to make saving.
- Group buying schemes or even investigating grouping customers in an estate may be a solution(creating an embedded network) .
- Price spikes in the electricity spot market can occur on hot summer days between 4pm and 7pm, from say 22c per Kwh to \$14.00 per Kwh. This may add several thousands of dollars to your bill just as Retailers need to hedge against those possibilities in the future – this will make customers who don't use energy in those periods more attractive. Solar would does not mitigate in these hours, but diesel back up could be viable.
- The first steps companies can take is to conduct an energy audit to reduce or eliminate waste. Usual culprits are compressors and motors and from high energy lighting, especially where it operates for long periods such as overnight. Clear Perspex roof panels will also reduce lighting costs. Savings of up to 20% were identified by MP Coach for two Cardiff companies.
- Energy efficiency steps that companies want to take may then attract a NSW Government Subsidy under the NSW Energy Savings Scheme.
- Installing rooftop solar energy is viable for industrial scale operations in most cases. Savings will only be achieved on the consumption part of your bill (both energy and network) not on the fixed charges. Members should be careful before entering a PPA as there is a risk of

significant price separation after the first 3 years. Straight out purchase of the PV coupled with strong performance guarantee usually makes more sense.

- Solar case studies of a pet food plant revealed a saving of \$27k on consumption costs per year, with an installation (100Kw) pay back period of 6 years. A case study of a steel welding plant demonstrated savings of \$13k pa with a pay back period of 4-5 years. With the cost of panels coming down, shorter pay back periods are being achieved.

Key Contacts:

Analysis of your energy bill and energy contracting:

- Peter Halyburton, EMS Energy Savings telephone 02 4954 6100, email peter.halyburton@emsenergysavings.com
- Mark Searle, Key Energy and Resources, telephone 0418 660 597 email marks@thekeygroup.com.au

Solar Energy viability:

- Maryanne Cantwell, MP Coach, telephone 0404 86 85 84, email maryanne@mpcoach.com.au
- Derek Woods, Superior Solar, telephone 02 4323 9050, email derek@superiorsolar.com.au

NSW Energy Savings Schemes Ben Cirulis, telephone 0419 192 936, Email ben.cirulis@environment.nsw.gov.au