

ENERGY CONTRACT NEGOTIATION & MANAGING PEAK DEMAND

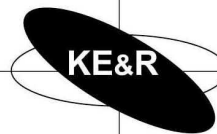
THE AI GROUP – MAY 2011

MARK SEARLE

PRINCIPAL CONSULTANT

KEY ENERGY & RESOURCES

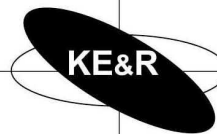
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**Key Energy
& Resources
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KEY ENERGY & RESOURCES

- **SPECIALIST ENERGY MANAGEMENT CONSULTANCY**
- **NEGOTIATE ENERGY SUPPLY CONTRACTS**
 - Access arrangements
- **ENERGY PLANNING – ENERGY COST CONTROL**
 - Greenhouse
 - Energy Audits
- **LARGE CLIENT BASE ACROSS AUSTRALIA**
 - Government, semi-government, private sector



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DISCLAIMER

- ◆ **KEY ENERGY & RESOURCES HOLDS AN AUSTRALIAN FINANCIAL SERVICES LICENSE (AFSL 281356)**
- ◆ **ANY ADVICE CONTAINED HEREIN IS 'GENERAL' IN NATURE AND SPECIFIC ADVICE SHOULD BE SOUGHT BEFORE ACTING ON ANYTHING CONTAINED HEREIN.**



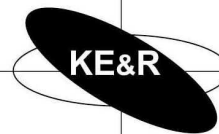
To - DAY

◆ ENERGY MARKET UPDATE

- Structure
- Prices
- Environmental impost / cost

◆ DEMAND COST

- Network Demand



ENERGY MARKET

◆ THREE LESS RETAILERS

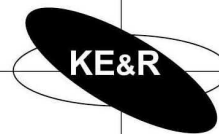
- Origin Energy acquired Country Energy and Integral Energy
- TRU Energy Acquired Energy Australia

◆ REMEMBER OMEGA, ENERGEX AND ERGON – RETAIL?

(NOW AGL AND ORIGIN)

◆ COMPETITION HAS DIMINISHED

OLIGOPOLY



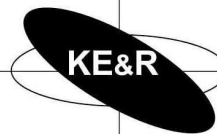
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RETAIL ENERGY RATES

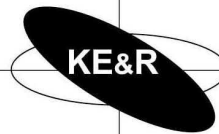
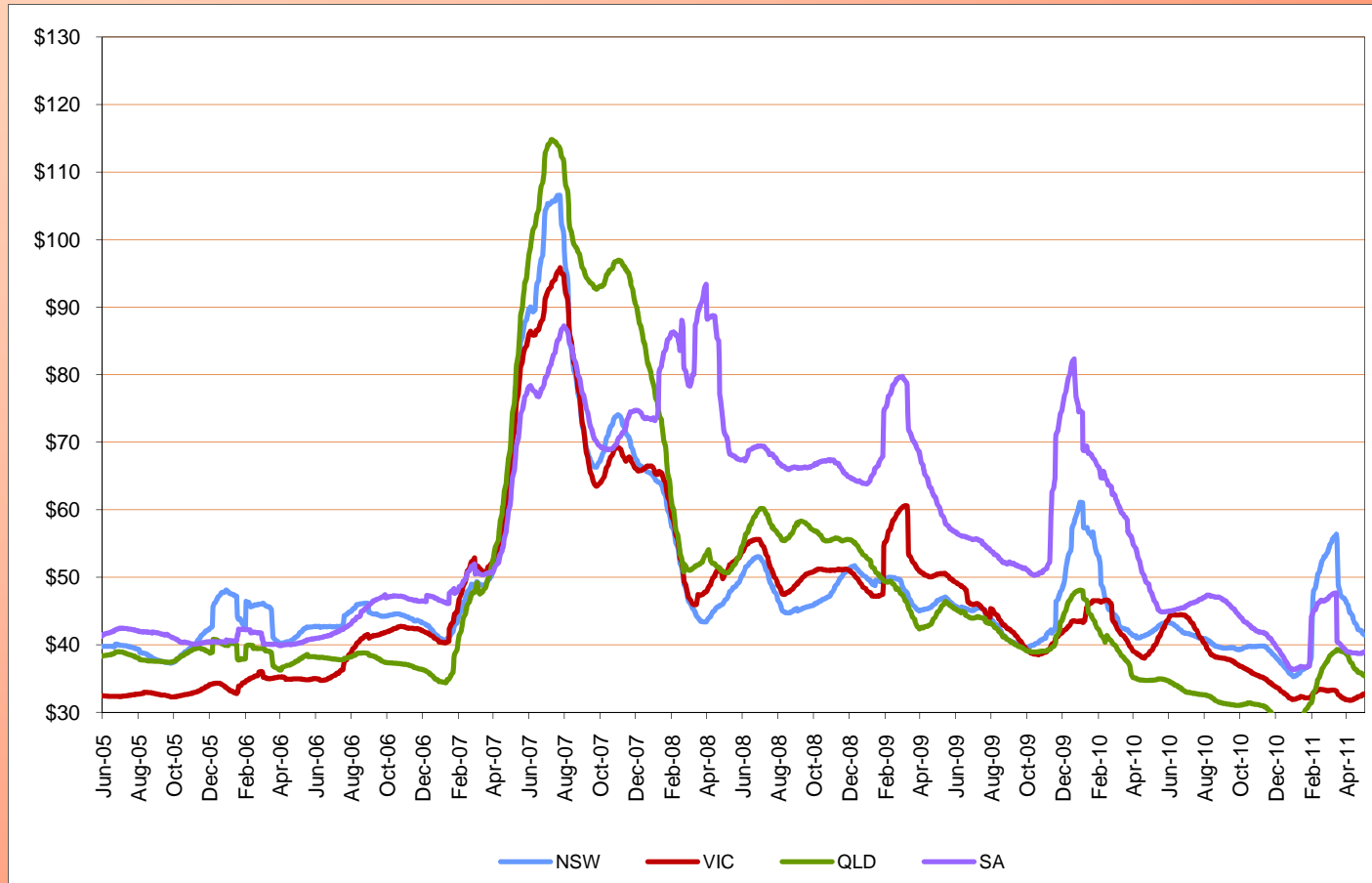
- ◆ **LOOKING VERY GOOD**

- ◆ **SUSPECT THESE RATES ARE NOT SUSTAINABLE**
 - Especially with gas generation

- ◆ **SOME VERY GOOD THREE YEAR DEALS**

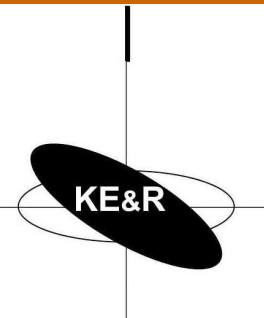
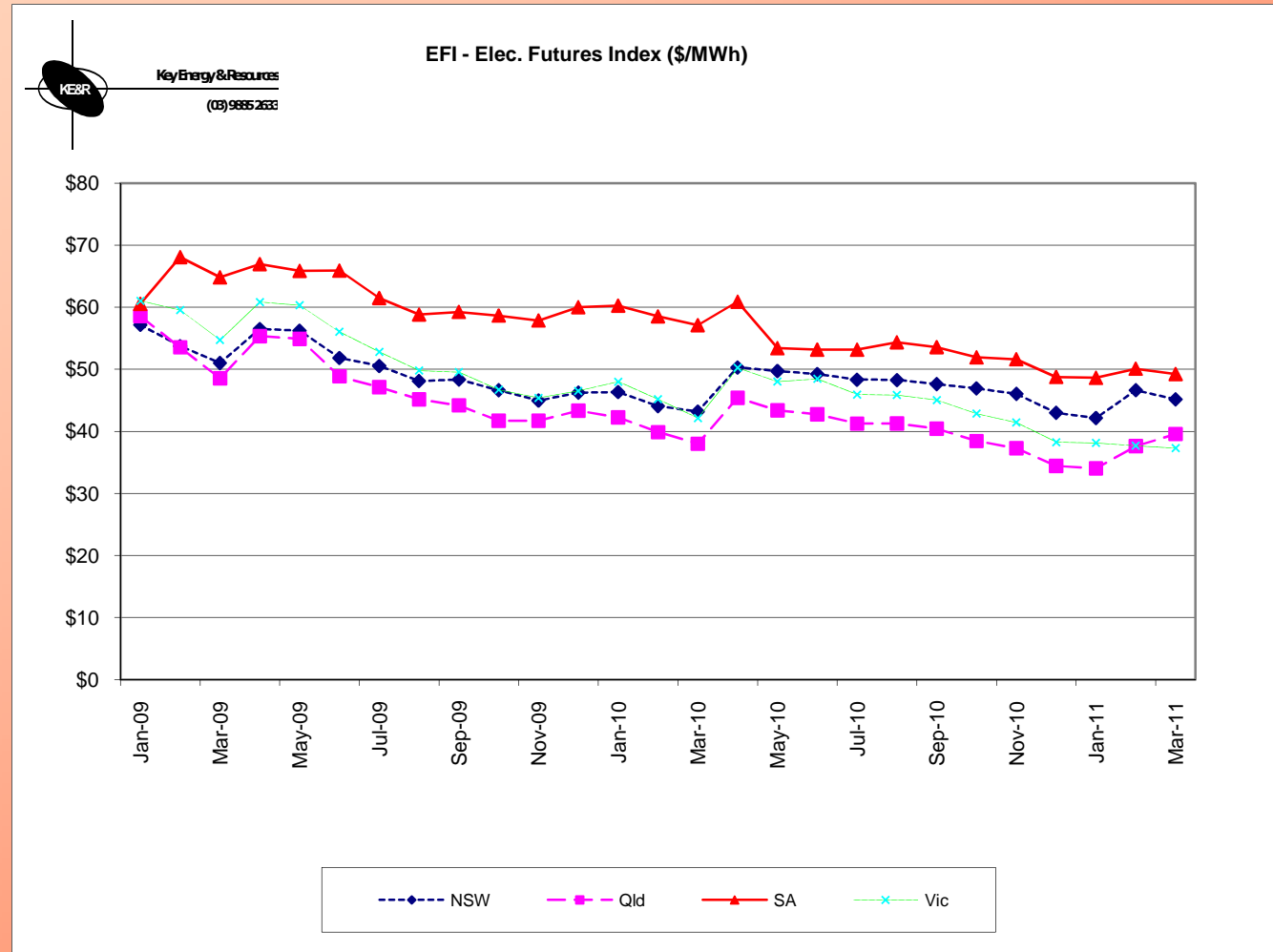


WEPI - WHOLESALE ELECTRICITY PRICE INDEX



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ELECTRICITY FUTURES INDEX (EFI)

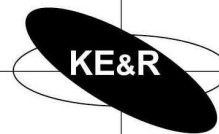


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NEGOTIATION STRATEGIES

- ◆ **TIMING .. THIS IS EVERYTHING**
- ◆ **COCKTAIL**
 - Middle ground
 - Competition ?
- ◆ **PLAIN VANILLA**
- ◆ **INVOLVE ALL RETAILERS**

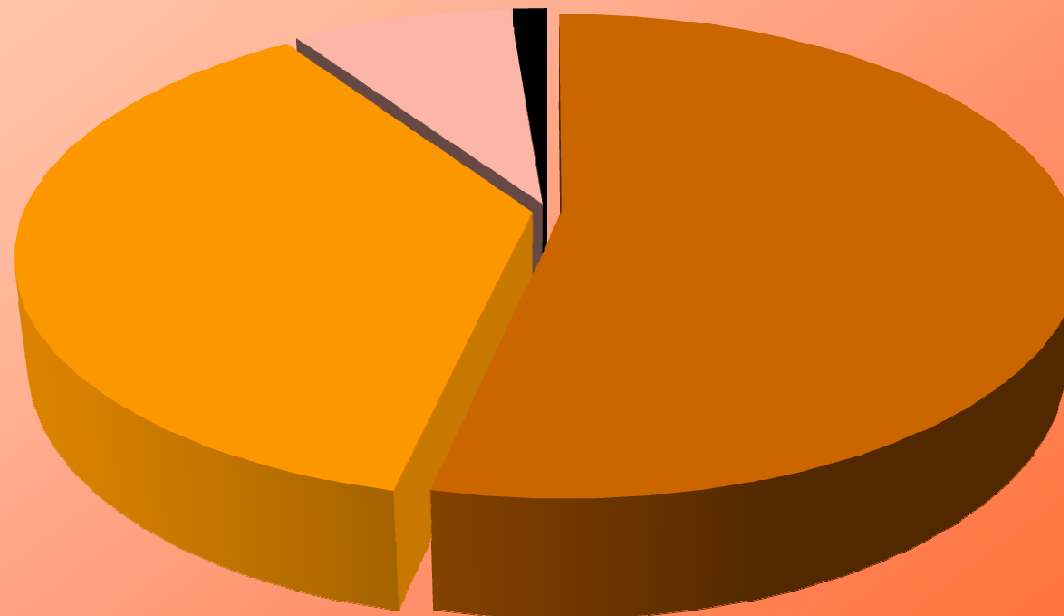
PLAN, PLAN AND PLAN



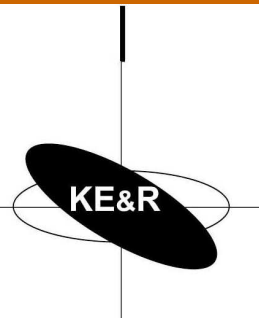
REMEMBER

◆ TOTAL BILL

- A lot more than just your negotiated retail rates!



■ RETAIL ■ NETWORK ■ LEVY ■ MARKET



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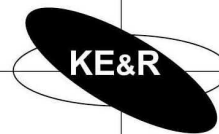
NETWORK FEES

VERY STEEP INCREASE IN FIVE YEAR PERIOD TO 30 JAN 2015

ABOUT:

- NSW, \approx 80%
- Qld, \approx 50%
- SA, \approx 60%
- VIC, \approx 20%

Plus CPI

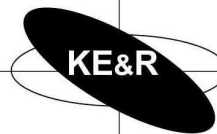


NETWORK FEES

DEPENDENT ON

- LOCATION
- VOLTAGE
- ENERGY USE PATTERN
- TARIFF

**CORRECT TARIFF CAN MEAN
REAL SAVINGS**



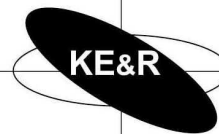
EXAMPLE

MEDIUM LV CUSTOMER

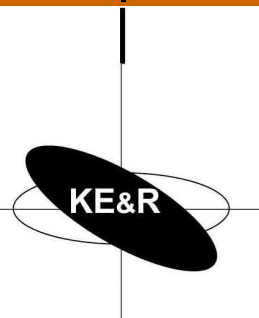
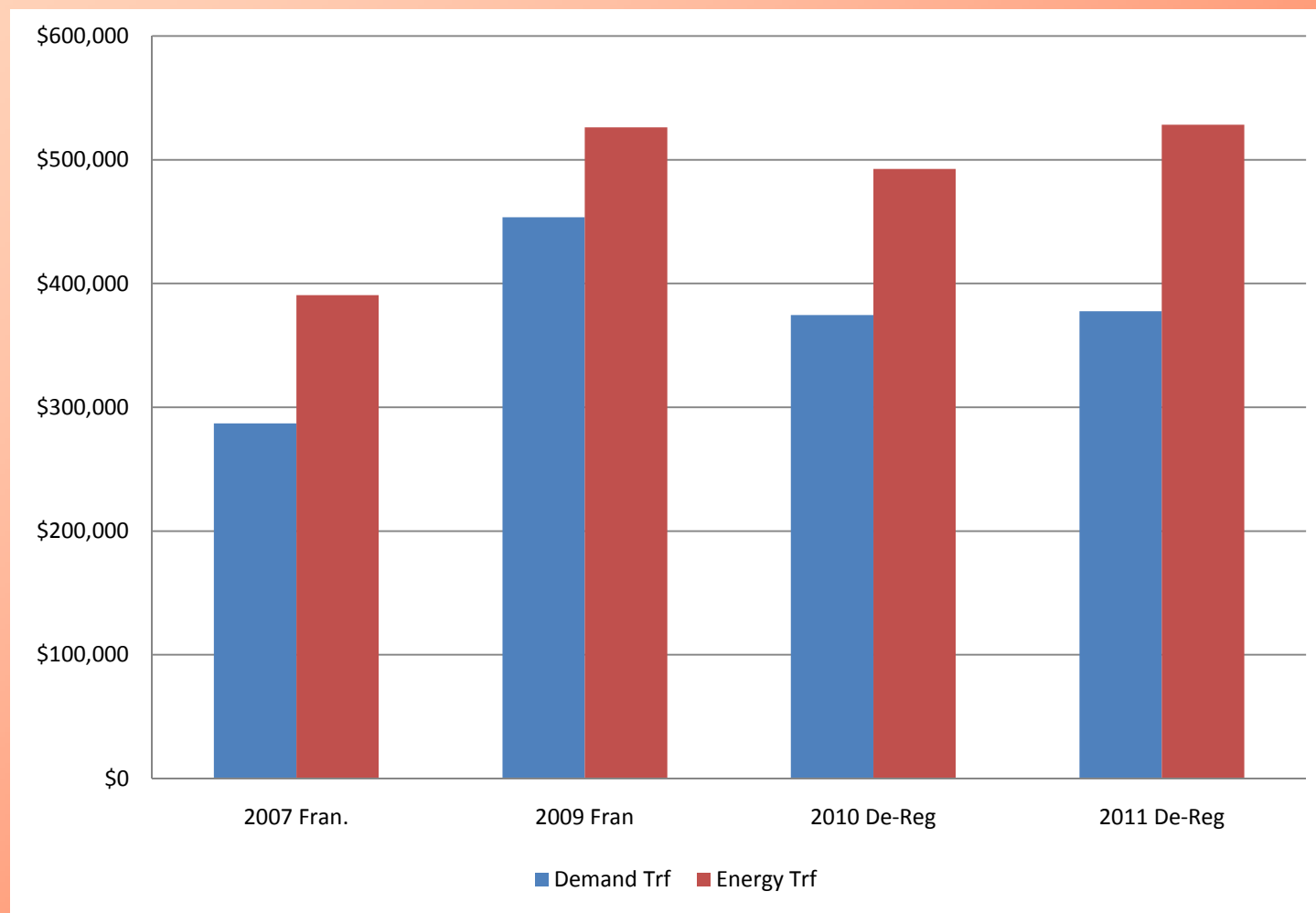
- 3,000 MWH PA
 - 2,250 MWH PEAK (NEM)
 - 750 MWH OFF PEAK

- 500 KW DEMAND

- 0.8 PF

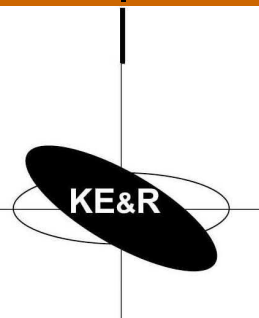
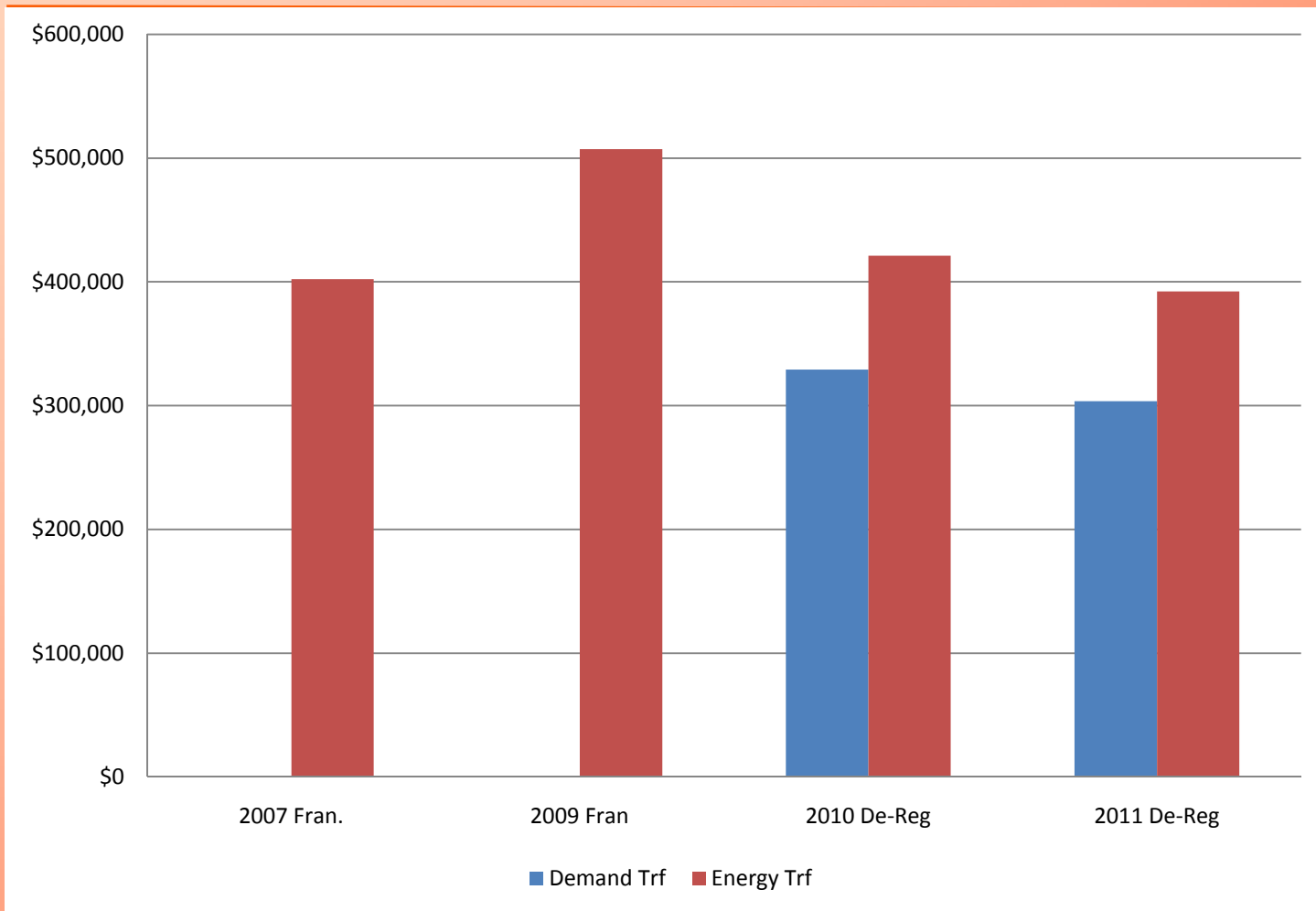


DELIVERED ENERGY PRICES TASMANIA



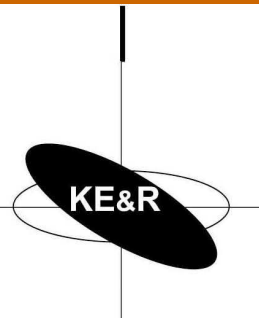
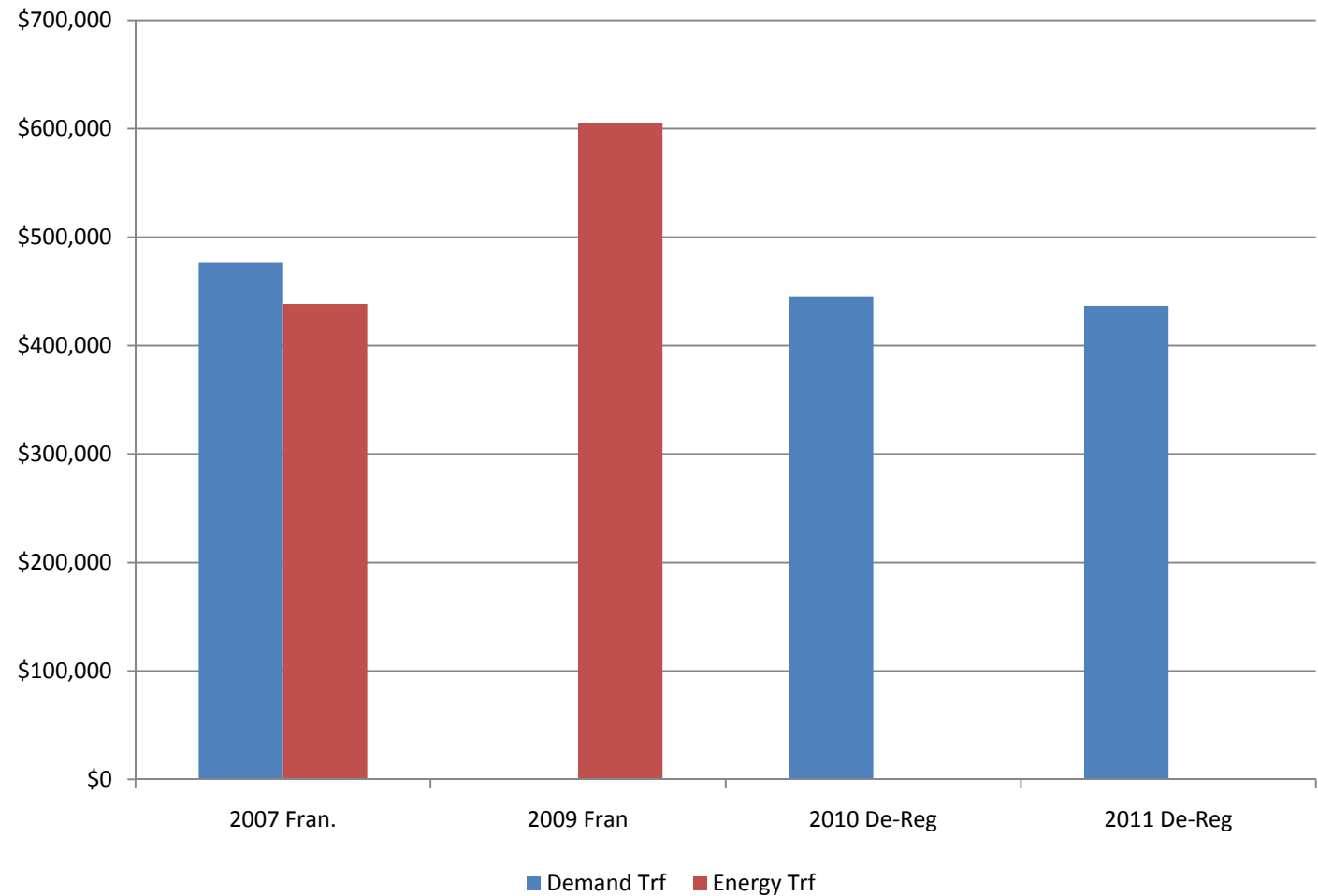
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DELIVERED ENERGY PRICES VICTORIA (CP)



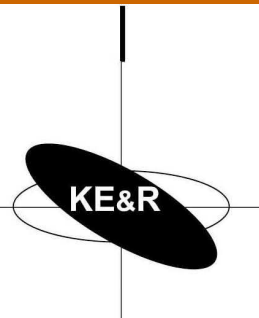
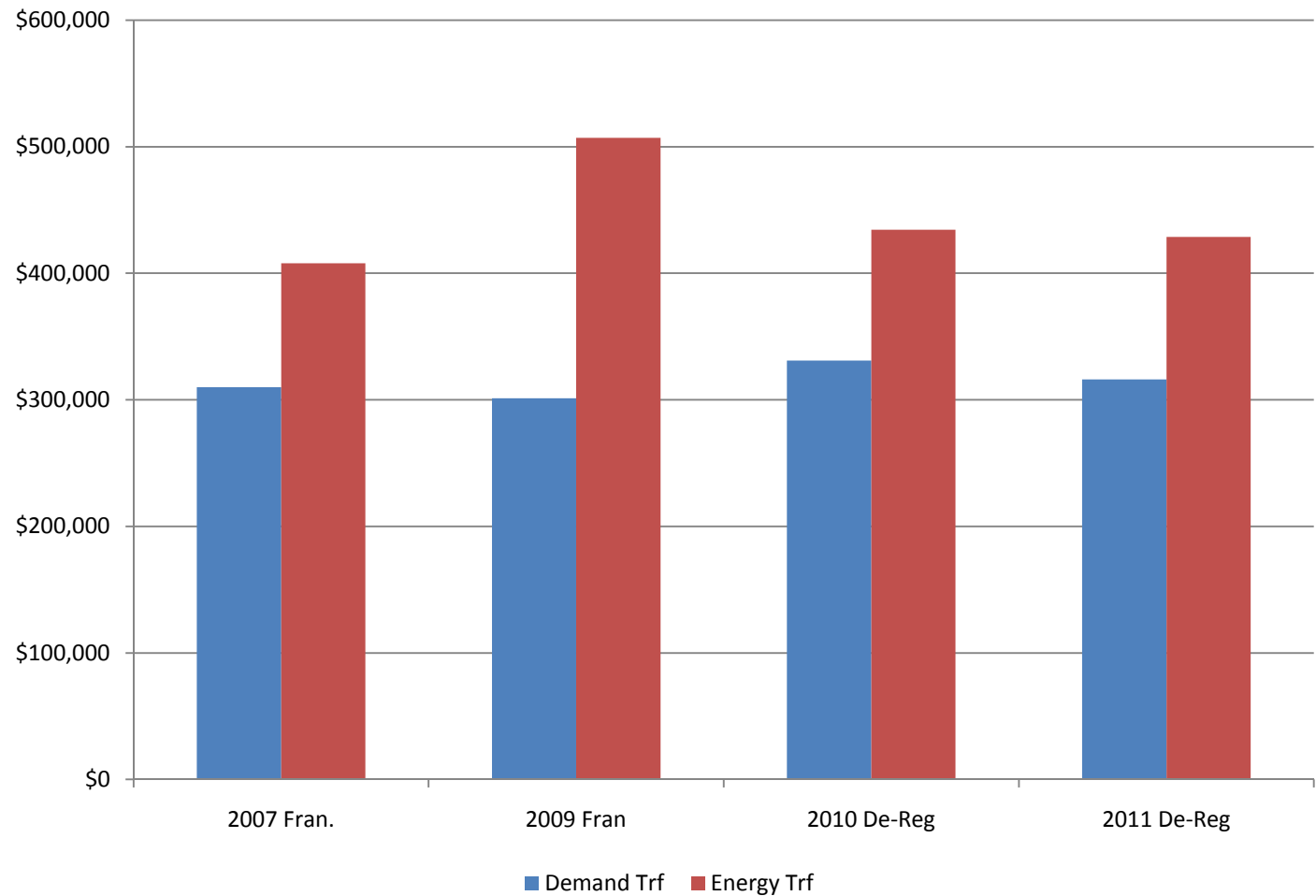
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DELIVERED ENERGY PRICES NSW (EA)



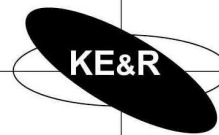
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DELIVERED ENERGY PRICES S.E QUEENSLAND



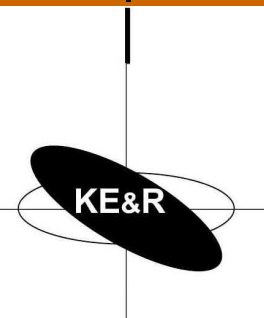
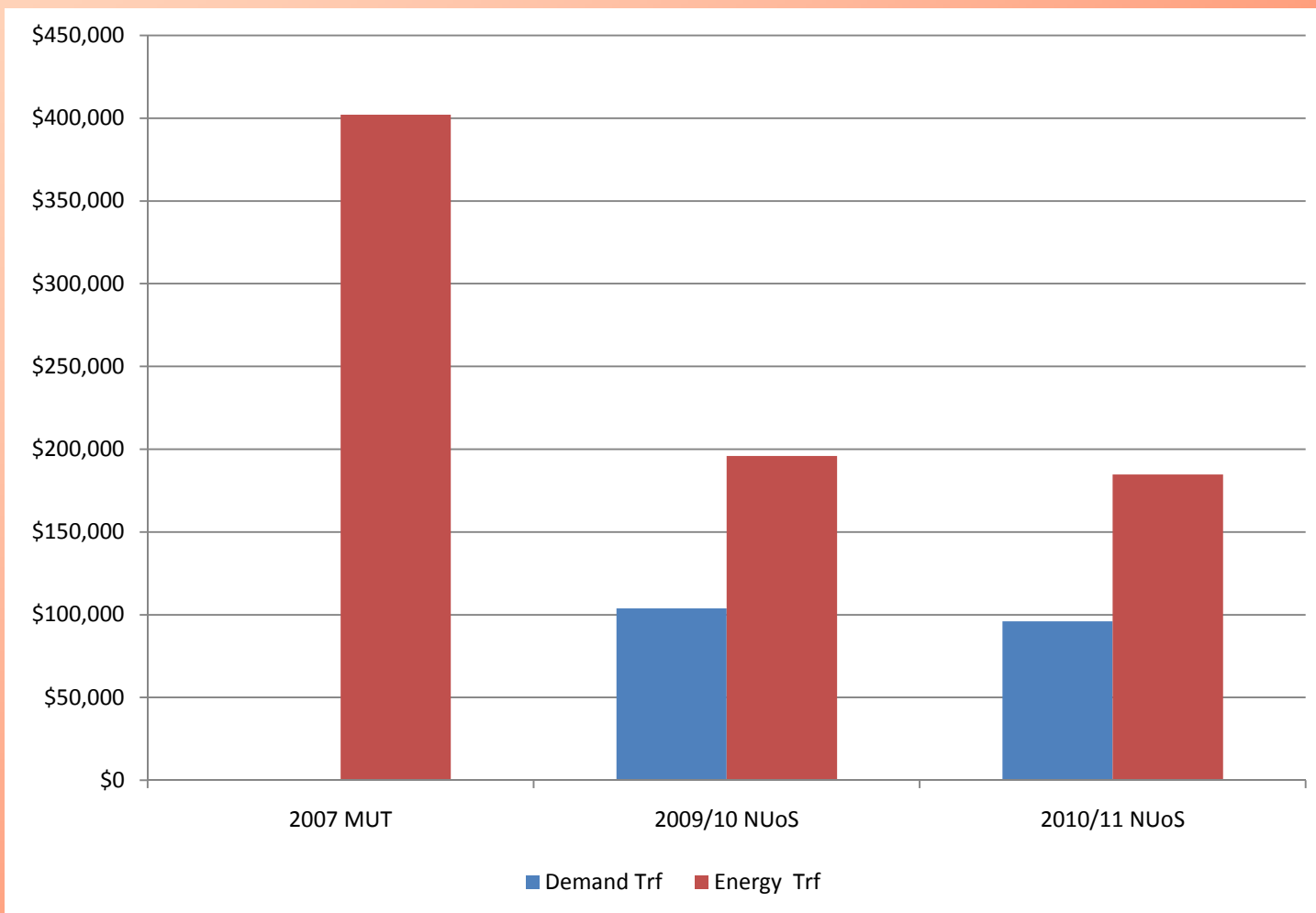
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NUoS FEES (TAS)



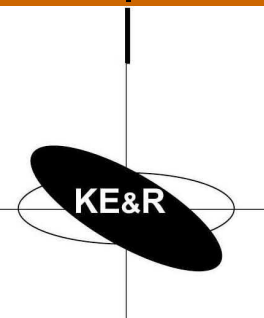
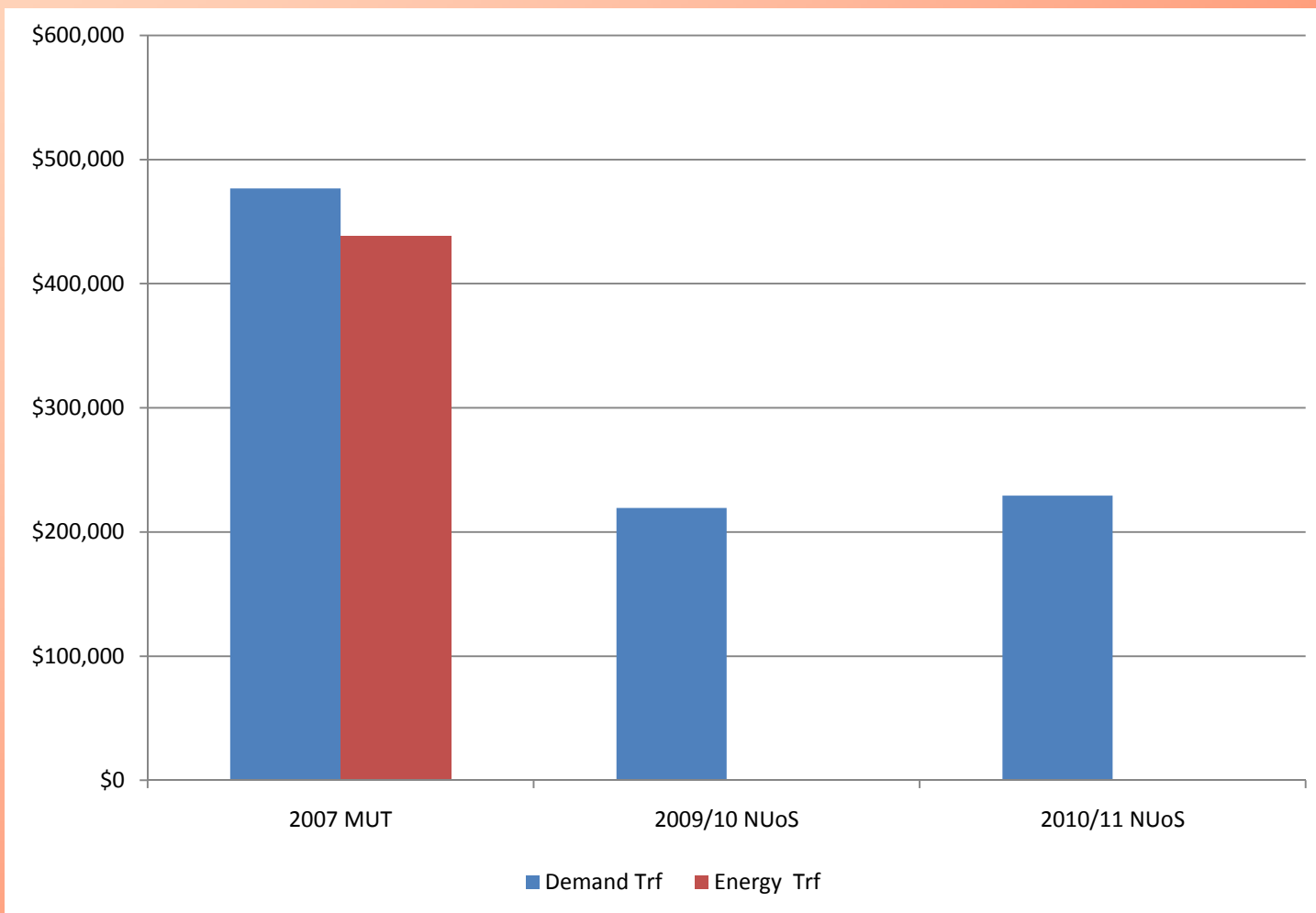
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NUoS FEES (VIC)



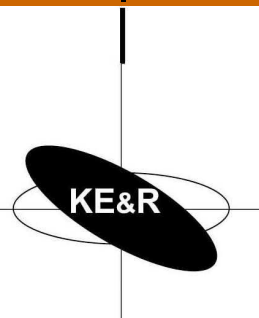
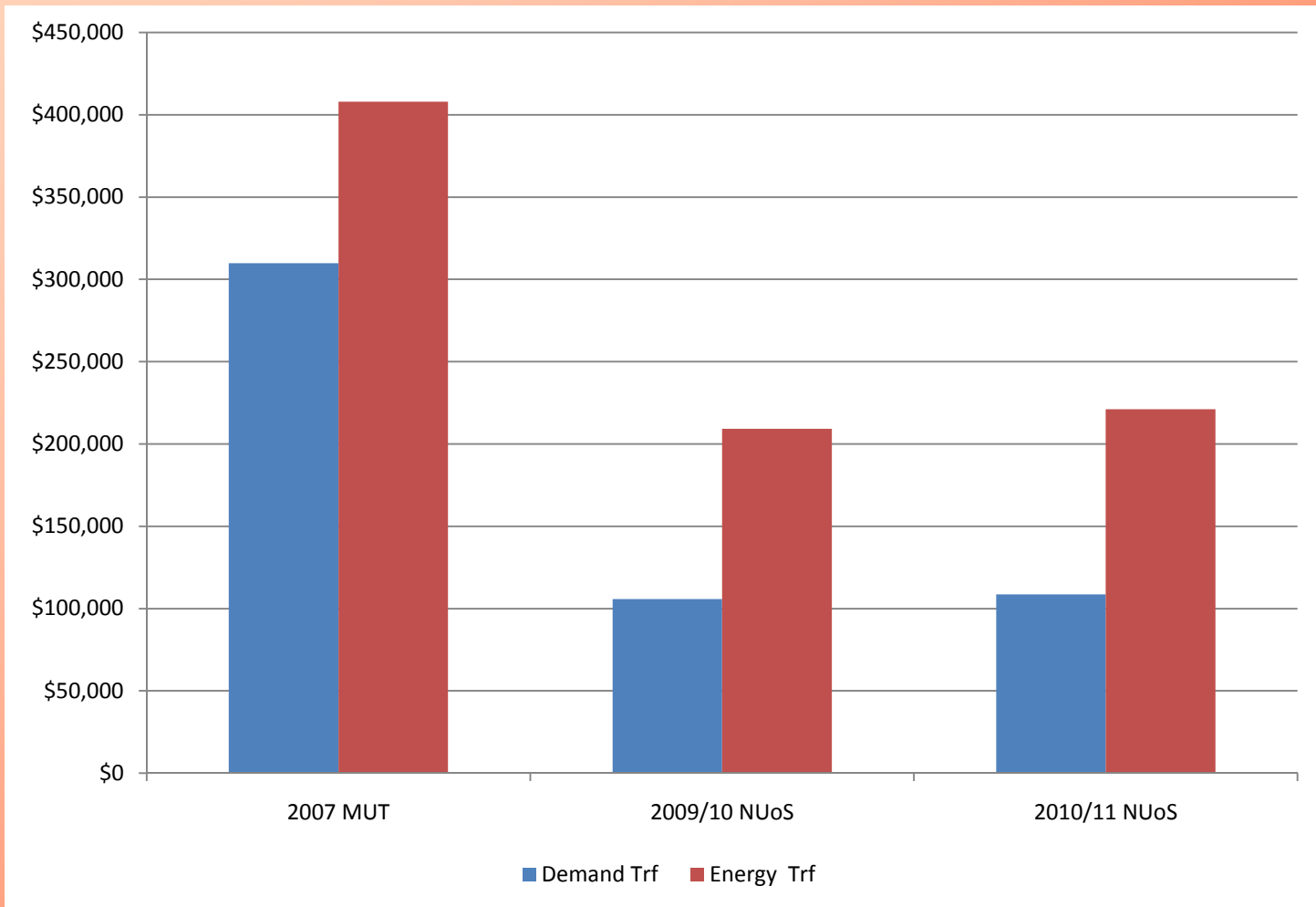
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NUoS FEES (NSW)



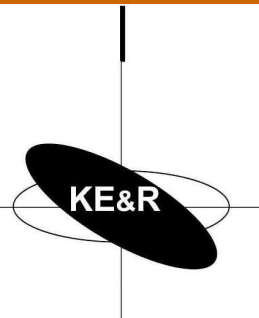
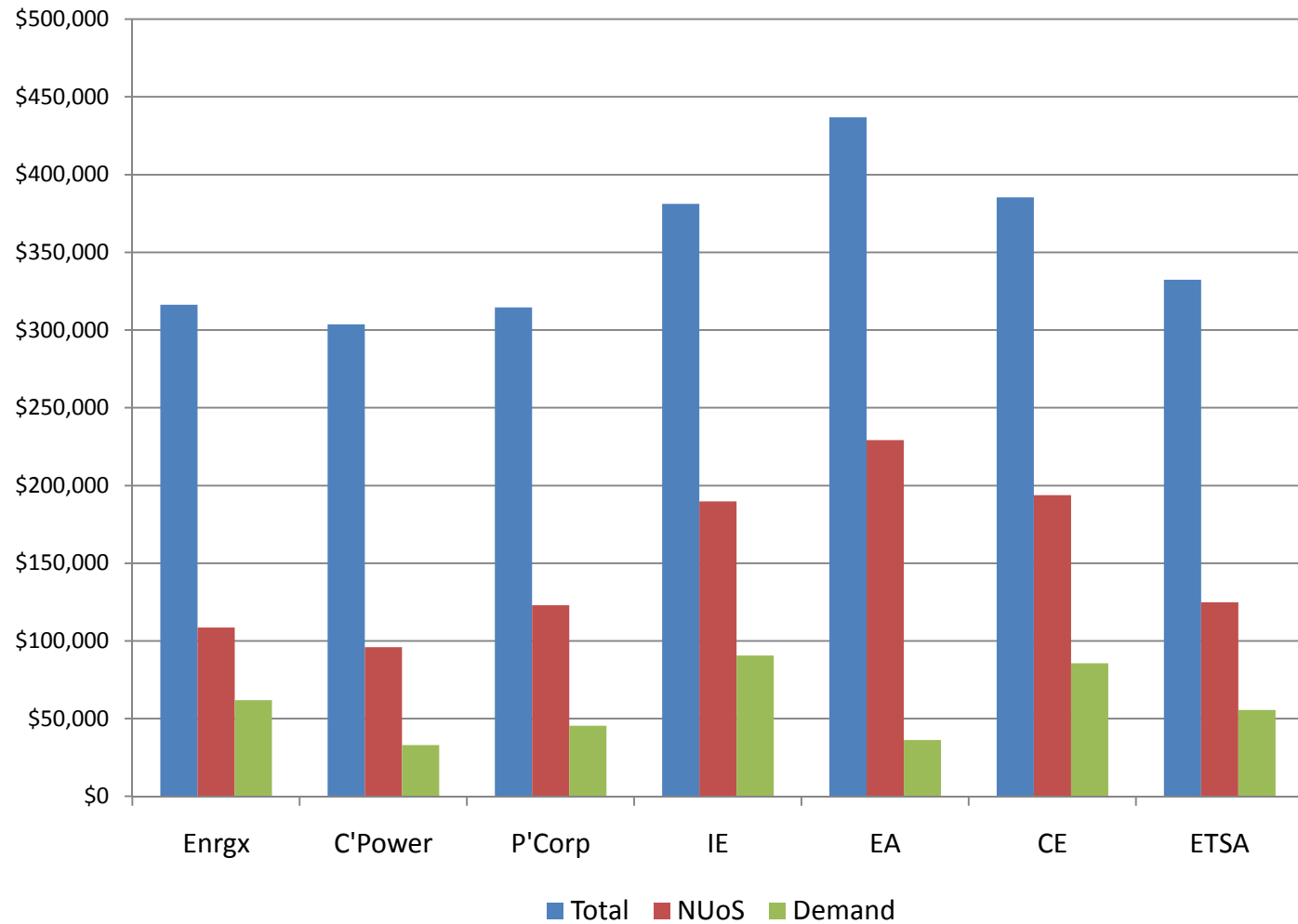
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NUoS FEES (QLD)



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DEMAND COST (2011)

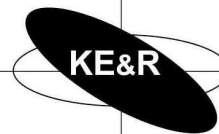


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ENVIRONMENT IMPOSTS

- ◆ **REC →**
 - **SRET (\$6 / MWh) + LRET (\$4 / MWh)**
- ◆ **GEC (\$0.5/MWh)**
- ◆ **NGAC + ESS (\$3/MWh)**
- ◆ **AGAC (\$1 /MWh)**

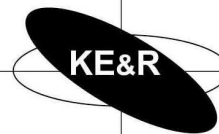
Who says there is no Carbon tax?



DEMAND?

◆ MEANS DIFFERENT THINGS IN DIFFERENT NETWORKS

- KW or KVA (Power Factor)
- Contract Demand (Capacity)
- Monthly
- Floating – Last 12 months
- Excess



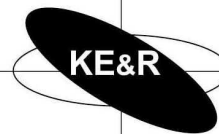
HOW TO MANAGE DEMAND

◆ NETWORK DEMAND

- Manage exposure and respond to LNSP tariff

◆ MARKET DEMAND

- Reduce Load -Curtailability



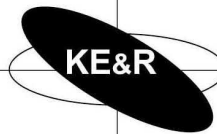
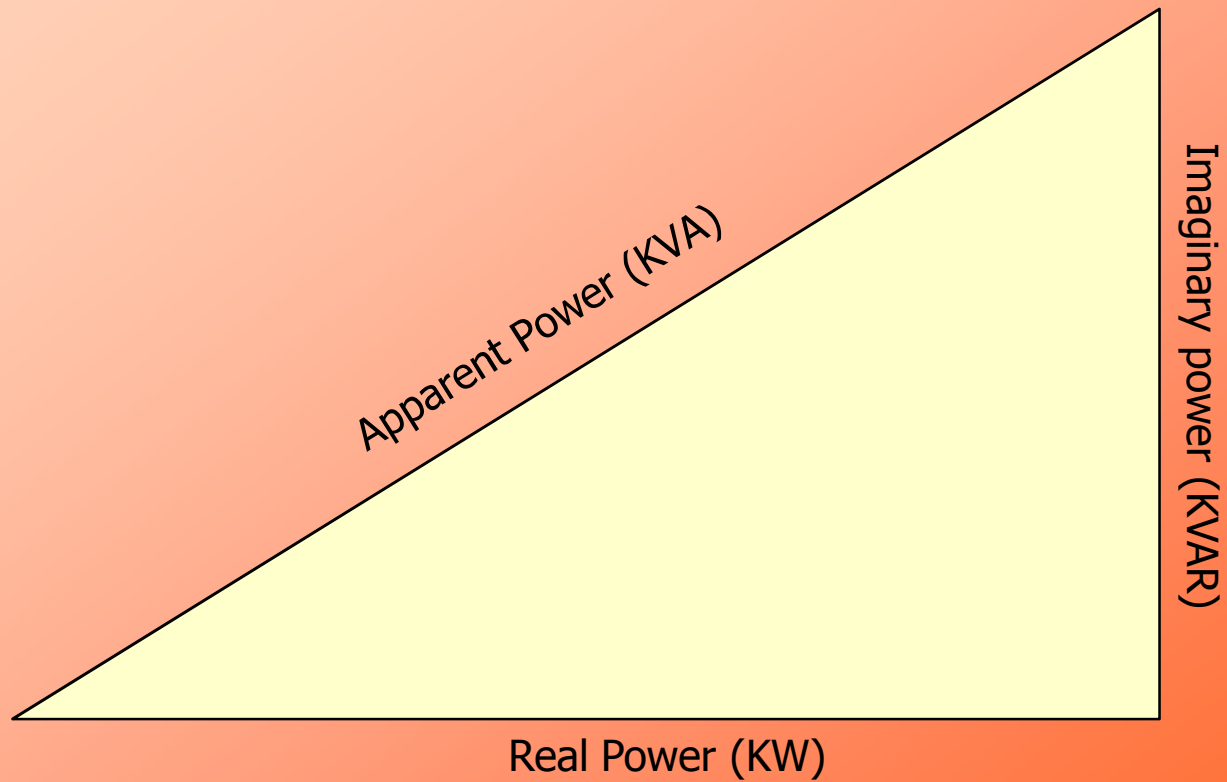
POWER FACTOR

**IF YOU UNDERSTAND POWER FACTOR
THEN NO EXPLANATION IS NEEDED.**

**IF YOU DON'T UNDERSTAND POWER
FACTOR THAN NO EXPLANATION IS
POSSIBLE.**



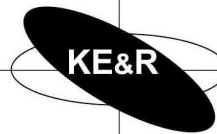
POWER FACTOR



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DEMAND CHARGES

	Contract	Monthly	Floating	Excess	KW	KVA
Country Energy		X	X			X
Energy Australia			X		X	X
Integral		X	X			X
Power Corp		X		X	X	
Citi Power		X		X	X	
Energex	X	X			X	
Ergon	X	X		X	X	
ETSA	X			X		X



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So – To REDUCE COST

- ◆ **CHECK NUoS TARIFF**

- ◆ **MANAGE DEMAND**
 - If cost Effective

- ◆ **NEGOTIATE FOR BEST RETAIL RATES**

- ◆ **THEN LOOK AT ENERGY SAVING**
 - Green Energy... often a last resort



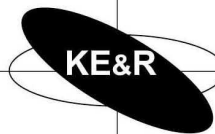
QUESTIONS AND DISCUSSION

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