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Energy productivity: an industry priority amidst soaring prices

April 2017

Peter Burn, Head of Influence & Policy

Agenda

1. Why energy productivity matters now more than ever
2. How industry regards energy productivity
3. What to do next

1. Why energy productivity matters now more than ever

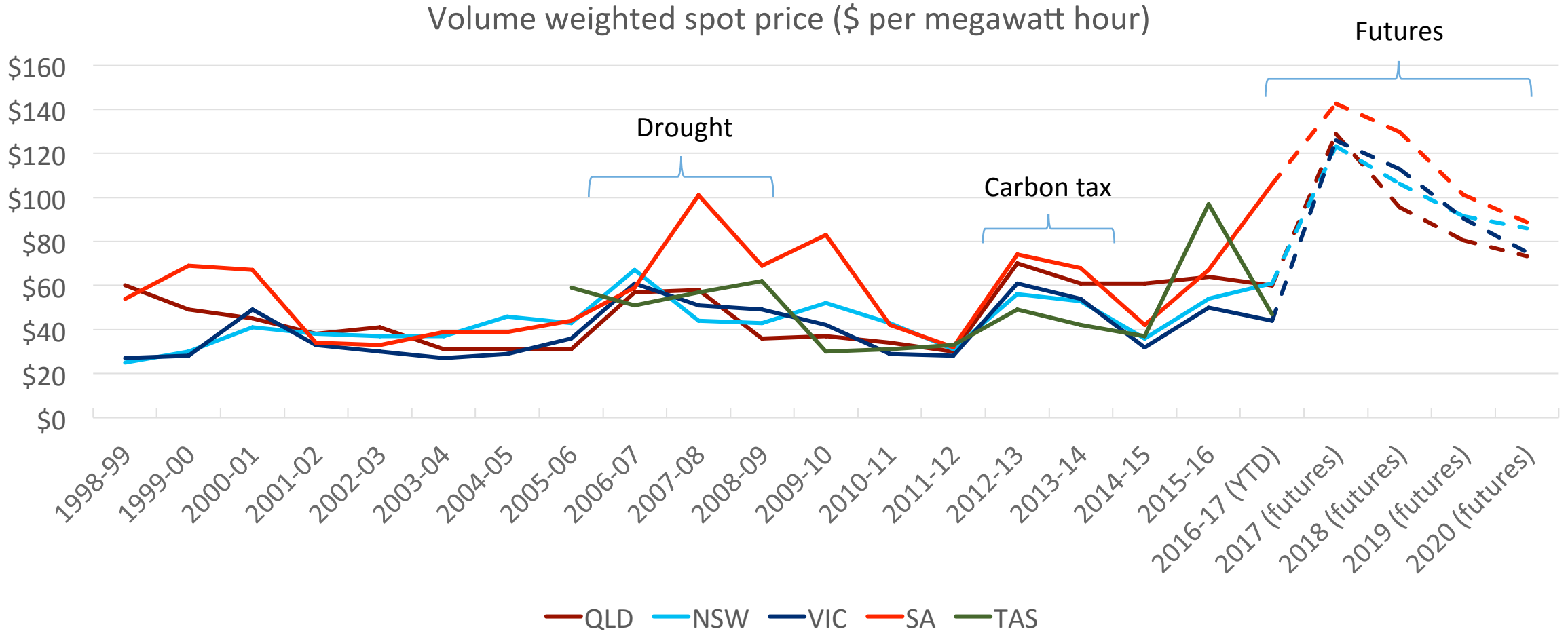
Electricity: Wholesale prices are doubling

Gas: Wholesale prices are more than doubling

Costs: \$10-12 billion per year for energy users

Climate: Far off course on Paris commitments

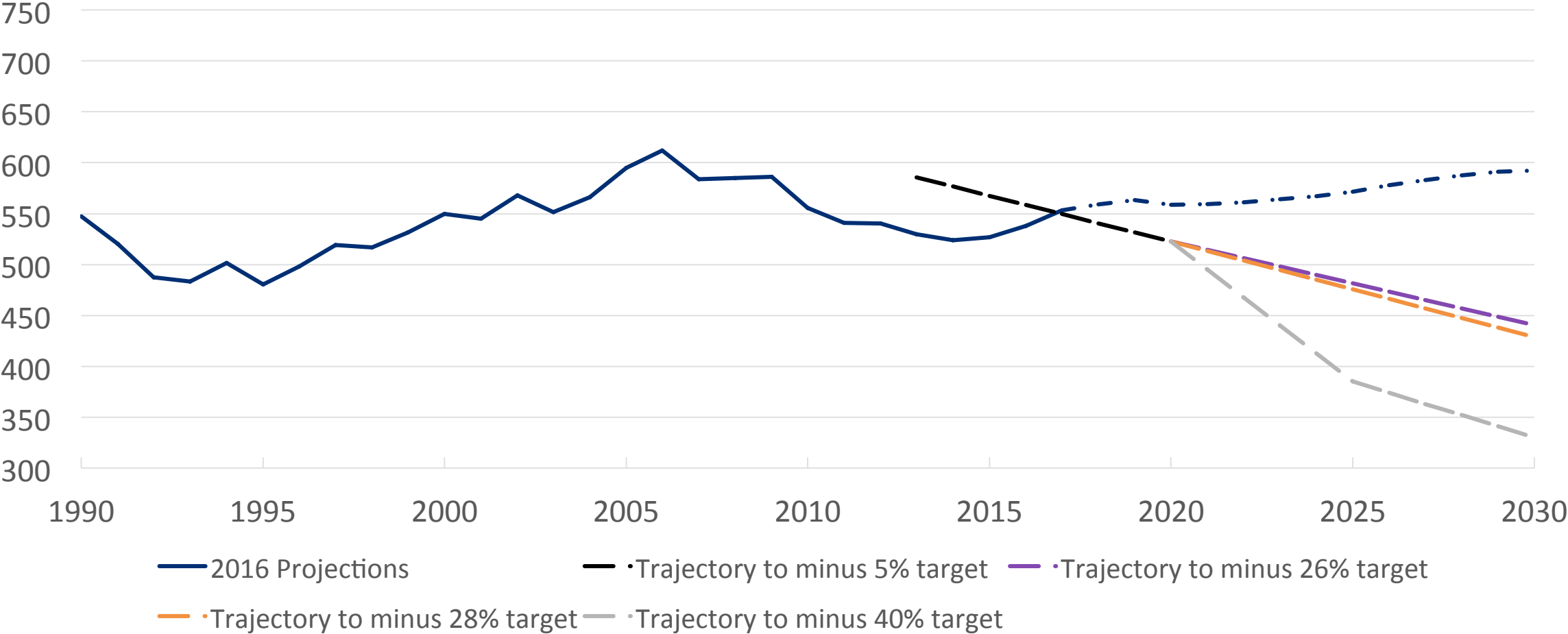
1. Wholesale electricity prices are soaring (AER + futures)



1. Wholesale gas prices are rising dramatically (anecdotes)



1. Not on course to Paris (DoEE)



1. Drivers of energy price rises

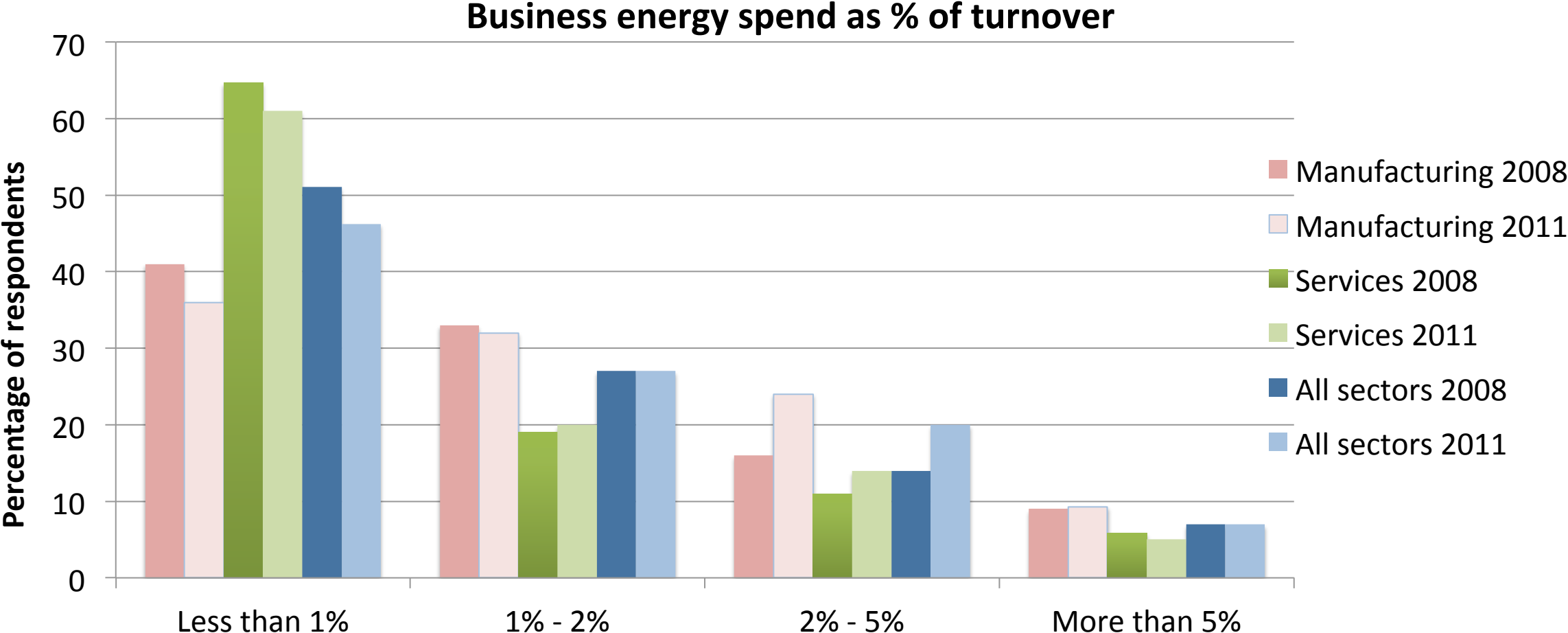
1. Electricity:

- Market is tighter
 - Less supply (coal closures, gas mothballing)
 - More demand (800MW QLD LNG)
- Tighter market more dependent on rising gas price

2. Gas:

- LNG demand has outgrown supply
- State bans hurt too

2. Business use of energy is diverse and often diffuse (Ai Group)



3. What to do next?

- Demand side can help bridge supply security problems, ease price pressures, rebuild competitiveness
 - Efficiency, fuel switching, demand response, storage, generation
- Routes:
 - NEPP and state policies: elevate, resource, harmonise
 - Information, practices, capital remain barriers
 - Pricing and market reform

Thank you

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