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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

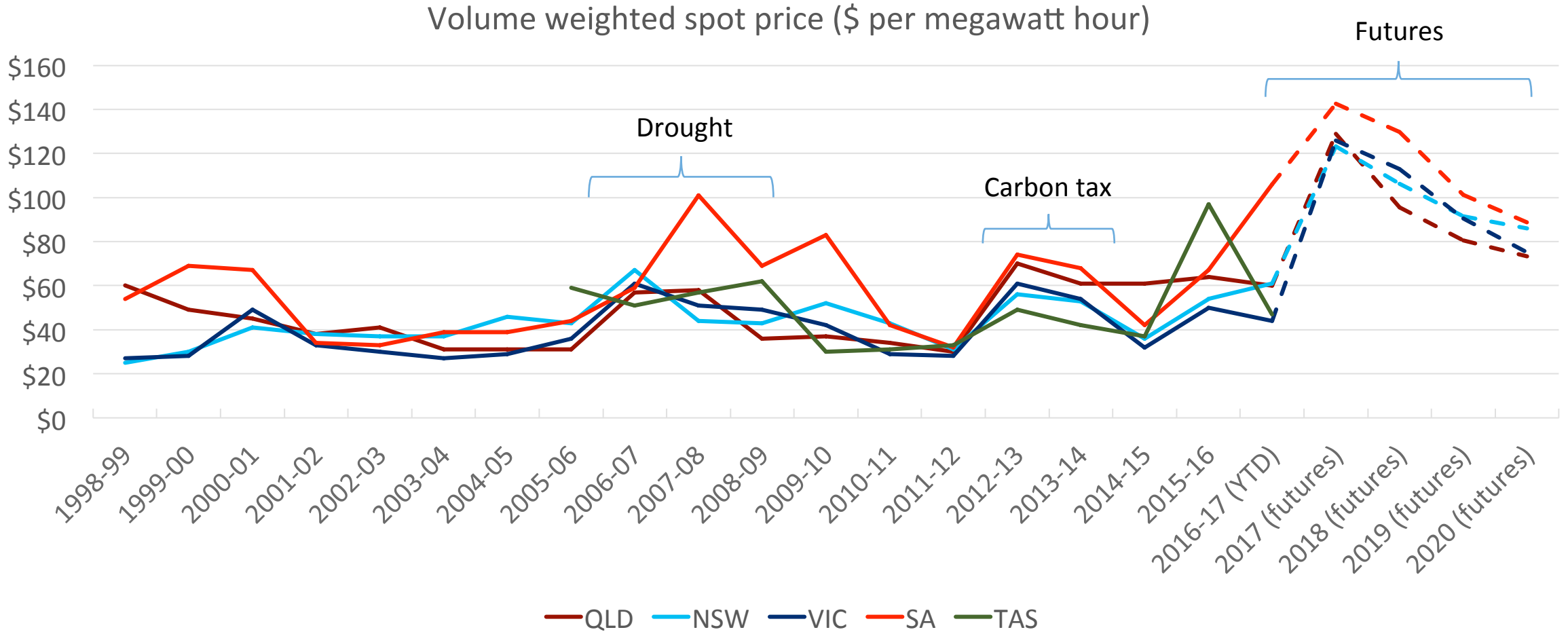
Electricity: Wholesale prices are doubling

Gas: Wholesale prices are more than doubling

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

Climate: Far off course on Paris commitments

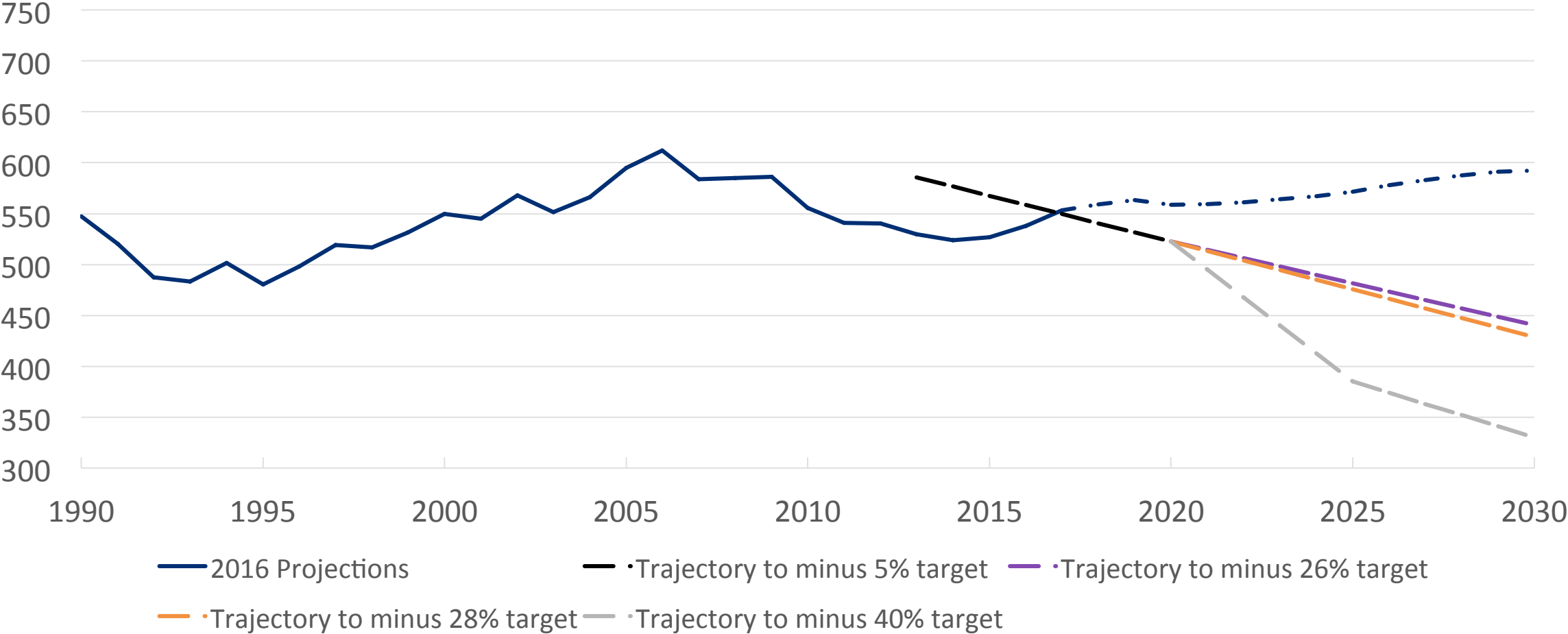
# 1. Wholesale electricity prices are soaring (AER + futures)



# 1. Wholesale gas prices are rising dramatically (anecdotes)



# 1. Not on course to Paris (DoEE)



# 1. Drivers of energy price rises

## 1. Electricity:

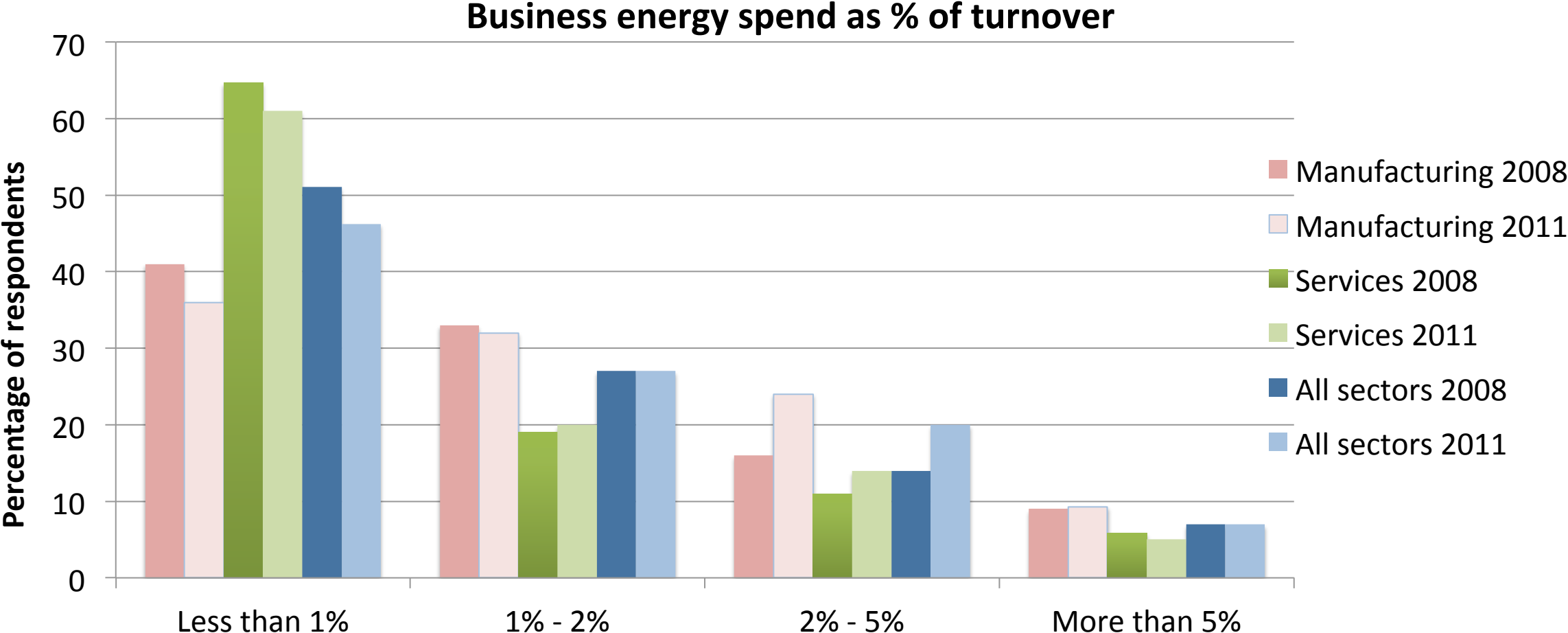
- Market is tighter
  - Less supply (coal closures, gas mothballing)
  - More demand (800MW QLD LNG)
- Tighter market more dependent on rising gas price

## 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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