MAY 2021, ISSUE 4

EDGE NEWS

Monthly Energy Newsletter

QUARTER 1 2021 PRICES CLOSE LOW, BUT HOW LOW CAN PRICES GO?

Managing Director - Stacey Vacher

Electricity prices are market driven, and markets respond to price drivers. Too high, respond with action that drives them lower. Too low, respond with action that makes them higher. Sounds simple yes? Add in policy uncertainty, ongoing network capacity issues, and a genuine sustainability movement, and it's not that simple at all.

We look at Q1 2021 electricity prices. Why they did what they did. What the real drivers are. Where they can go in 2021, and beyond.

We also look at Sustainability. In as little as 12 months it feels like we've seen Sustainability go from a compulsory annual report to a real movement with real action and actual commitments.

Reach out using any of the following, and one of our team will be in touch. Email us at save@edgeutilities.com.au or info@edge2020.com.au or call us on 1800 334 336.

Alternatively contact our National Sales Manager, Lolita Sillars, directly at lolita@edgeutilities.com.au or our Managing Director & Senior Energy Advisor, Stacey Vacher, at stacey@edge2020.com.au

WHAT'S INSIDE THIS ISSUE:

SUSTAINABILITY IS BOOMING THE PATH TO 2050

Written by Stacey Vacher

On 12 September 2005 the House of Representatives Standing Committee on Environment and Heritage tabled its Sustainable Cities report with 32 recommendations. 4 of these were targeted at Energy, and specifically encouraging the uptake of rooftop PV, establishing resources to increase the use of renewable energy, investigating and encouraging investment in decentralising energy delivery, and looking to countries like the US and Germany to implement or emulate suitable utility scale renewable generation.

Still awaiting for a government response to that report, in September 2007 the Committee released an enquiry into a sustainability charter. It was titled "Sustainability for survival: creating a climate for change". The Charter would "help create a climate for change for a sustainable future and provide long term direction to Australians". In the Forward, Dr Mal Washer MP wrote, "change for sustainability comes with financial cost, but the cost of inaction is far greater. It will be an investment by us in the health of our environment, society and economy."

And here we are, almost 15 years later. With our current Prime Minister only announcing in February (yes, 2021) that Australia needs to achieve net zero emissions ASAP and by no later than 2050. The team at ClimateWorks said it best "Prime Minister Scott Morrison acknowledged what many Australian businesses, investors and others have long known: the global economy is transitioning to net-zero emissions, and so too must Australia." They said "a net-zero goal will provide clarity, lift ambition and create focus. But Morrison must back the rhetoric with investment and policy commensurate with the task."

Having been in the National Electricity Market since 2006, sadly I have seen first hand how slowly Sustainability action has progressed in our industry. Sure there's been countless policies, annual reports, and other documents targeting the topic of Sustainability during that time. But as my mother always said, actions speak louder than words. Not even a fleeting 2 year tax on carbon from mid 2012 gave me hope that our government and private sector clients were genuinely taking energy based Sustainability efforts seriously. We started to gain momentum through the take-up of rooftop solar PV and energy efficiency programs, both of which were supported by federal (RET) and some state based renewable schemes. But the economics mostly squashed any utility scale efforts. If it wasn't cheaper, they weren't interested. That is, until now.

To be clear, utility scale renewables have been increasing in Australia at a rapid rate over the past 5 years. But it's only really been over the last year that we've seen a noteworthy shift to consumers ready and willing to pay higher than market to secure energy from renewable sources to reduce their emissions and achieve sustainability objectives. More than that, we've seen a genuine commitment from large organisations to use their buying power for the greater good and to make contracting decisions that not only allow them to meet their sustainability targets, but genuinely result in additional renewable energy resources coming to market.

More recently, this has shifted to utility scale battery opportunities. With gas impacted by our resource sector's LNG aspirations, storage has become the key to Australia's energy transition. Many large scale developers, with existing and planned developments, are turning their attention to utility scale batteries and subsequent products for large off-takers. Whilst it's still early days, with the genuine push for Sustainability, we expect to see the larger and more sophisticated users take advantage of these products sooner rather than later.

There's no doubt we are now on a genuine Sustainability push, with heightened activity suggesting both interim (2025 / 2030) and longer term (2050) targets should be well and truly met. **Now for the all the commercial fun along the way... !**

edge UTILITIES

On April 22, 1970 the first Earth Day took place. It inspired people around the world to step up to care for our planet and commit to building a sustainable world.

"IF OUR EARTH HAD A VOICE, IT WOULD SAY "HELP.

edge2020

The highs and lows of our energy transition

On Friday, 26th March we saw approximately 1,700MW of utility scale solar and wind generation supplying Queensland. That's nearly 30% of the Q121 average during daylight hours.

Whilst there is no shortage of renewable developers and investment funding to shift our transition into yet another gear, there remains some major obstacles, and the reality is prices like that seen in Q121 are part of the problem.

On a macro level, grid capacity and energy policy uncertainty remain speed bumps to an even faster shift to renewable energy resources. Closer to the deal tables however, securing revenue certainty at bankable levels is becoming increasingly impossible.

Developers are relying on large Commercial and Industrial (C&I) consumers to pay the price to meet sustainability objectives. With the pool of suitable C&I off-takers drying up fast.

Q121 brought with it the early retirement announcement by Energy Australia (EA) for Yallourn Power Station. With prices like that seen in Q121, this is just the start. Many generators will be coming off higher forward contract prices and shifting into periods of much lower forward contract prices and / or low spot prices.

Revenue at these levels is not sustainable. However, there is no denying that traditional energy generators will need to delay the inevitable for as long as possible. Whilst the renewable projects remain in hiatus, relying mostly on sustainability driven C&I offtakers, the market will struggle to shift to the next gear in our energy transition.

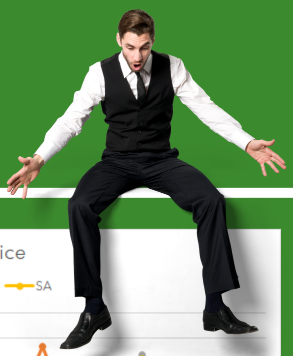
As soon as coal (in particular) starts to break, and plants start to mothball and / or retire earlier than otherwise expected, increasing spot prices will yet again become the oxygen that breathes life back into the utility scale development pipeline.

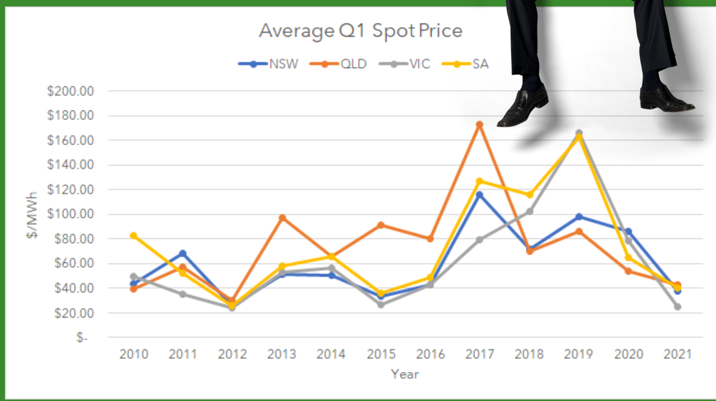
And so, the cycle will continue until batteries (including pumped storage hydro) finalise our move to a renewable energy future.

Written by Stacey Vacher

National Customer Code
Energy Brokers, Consultants & Retailers
Proudly supported by the Energy Charter

Quarter One Electricity Prices





Price

Q1 2021 Average Price Movement	QLD	NSW	VIC	SA
vs. Q1 2020 Average	↓ 21%	↓ 56%	↓ 68%	↓ 37%
vs. 5 Yr Q1 Average	↓ 54%	↓ 55%	↓ 73%	↓ 61%

Operational Demand

Q1 2021 Average Demand Movement	QLD	NSW	VIC	SA
vs. Q1 2020 Average	↓ 3%	↓ 5%	↓ 2%	↓ 4%
vs. 5 Yr Q1 Average	↓ 3%	↓ 9%	↓ 7%	↓ 14%

The real story lies in the quantity of utility scale solar and wind entering the regions on any given day. Australia's energy transition is well underway, with large quantities of utility scale solar and wind generation supplying high percentages of our regional demand in any given day.

CONTACT US

07 3905 9220
1800 334 336

LEVEL 20
444 QUEEN STREET
BRISBANE QLD
4000

www.edgeutilities.com.au
www.edge2020.com.au

admin@edge2020.com.au
save@edgeutilities.com.au

WANT TO STAY INFORMED?
FOLLOW US ON:

edgeLIVE

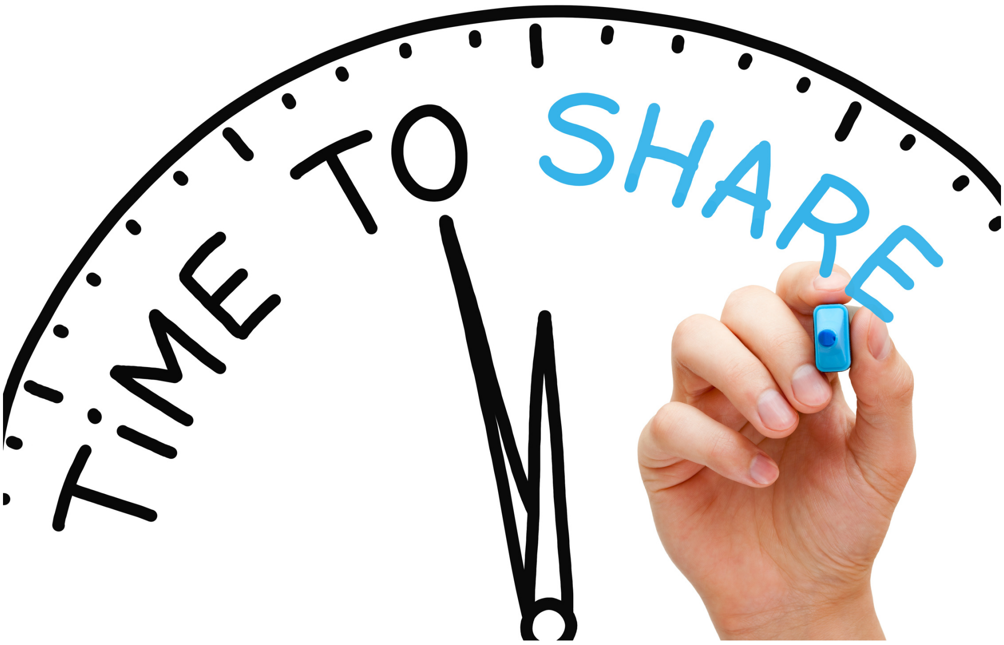
SOLAR SHARING COUNTDOWN!

Written by Stacey Vacher, Senior Energy Advisor & Managing Director

The countdown is on to bringing you and your friends the ability to share solar in small to medium residential strata/body corporate complexes.

We are so excited to be working with a number of industry innovators in bringing this opportunity to market.

The long forgotten consumers in the energy market, the smaller strata/body corporate customers, are about to get some serious love.



Whilst the physical products have been years in the making and planning to bring to Australian markets, Edge have been working on commercialising the opportunity for the better part of financial year 2021. With a strong strata and body corporate pipeline, we identified this was the perfect opportunity to bring value to these customers. And we cannot wait.

Whilst we dot our i's and cross our t's to ensure contractual and commercial terms meet the needs of all involved, please don't hesitate to reach out and contact us to learn more. The team of industry experts working with us to bring this to market, are on track to ensure we can deliver solar sharing to your strata complex from the commencement of financial year 2022.

With a number of experienced strata / body corporate staff in house, we are also perfectly positioned to assist you in bringing the opportunity through committee approvals, including assisting in the preparation of documentation and / or attending relevant committee meetings.

edge2020

edge UTILITIES