

EDGE NEWS

Monthly Energy Newsletter



HAPPY 2021 FROM EDGE

Managing Director - Stacey Vacher

Intertwined with Christmas and New Year celebrations, Edge2020 capped off the 'year that was' with excellent news regarding a 58MW renewable power purchase agreement (PPA) we brokered, and the resigning of our longest serving and largest client.

With more renewable PPAs in the pipeline, we hope to share more good news in the coming weeks. This year we are more committed than ever to deliver consumers and generators 'win-win' energy solutions.

For years Edge2020 has been working with leading renewable developers, financial institutions and wholesale trading counterparties to deliver consumers renewable backed products that rival standard market contracts. Whilst complex to structure and broker, they offer consumers low-cost, low risk, highly flexible and simplistic energy contracts that cannot be rivalled. We are currently aggregating loads for deals in New South Wales and Queensland, with limited opportunities available to join these transactions in early 2021.

WHAT'S INSIDE THIS ISSUE:

Restoring the Health of the National Electricity Market (NEM)

Australian Energy Regulator approves AEMO's request to trigger Retailer Reliability Obligation in NSW





"IT'S SURELY OUR RESPONSIBILITY TO DO EVERYTHING WITHIN OUR POWER TO CREATE A PLANET THAT PROVIDES A HOME NOT JUST FOR US, BUT FOR ALL LIFE ON EARTH."

- SIR DAVID
ATTENBOROUGH

Edge Utilities isn't resting either, as we dive into 2021 providing both financial and physical renewable energy solutions. We're bringing Edge2020 renewable backed deals to smaller businesses, Strata and Body Corporates. We're also beyond excited to have partnered with a number of exceptional like-minded companies during 2020 that will allow us to deliver behind-the-meter solar solutions to low and medium rise commercial and residential strata complexes. We'll be combining these financial and physical products to deliver unprecedented renewable energy solutions to this segment of the market. To say we are excited about it, is an understatement!

We want to make our goals for 2021 crystal clear. We want all consumers to be more informed. We want you to genuinely understand the energy deals that you are presented with - the good, the bad, and the downright ugly. We want you to pursue opportunities that deliver genuine cost savings, not just perceived savings. In doing so, we want you to help save our planet.

Let us do the hard work for you. Let us bring you the benefits of decades of energy market expertise and strategic relationships, and trading and brokering billions of dollars of energy deals for some of the largest names you can think of.

Stacey

Let us save you, and our planet.

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, Stacey Vacher, at stacey@edge2020.com.au



RESTORING THE HEALTH OF THE NATIONAL ELECTRICITY MARKET (NEM)

Written by Alex Driscoll, Senior Manager, Markets & Trading

On Tuesday 5th January, the Energy Security Board (ESB) released its annual Health of the National Electricity Market report. It also issued the latest Post 2025 Market Design Directions Paper.

The Post 2025 Market Design Directions Paper identifies four areas for the ESB to coordinate to deliver benefits to consumers. The latest revision comes after a consultation paper was released in September 2020.

The ESBs scope has been condensed from the previous 7 market design initiatives into 4 directions. The scope was also reduced to remove measures dealing with the retirement of thermal generation.

To deliver benefits to consumers the ESB will concentrate on:

- Resource adequacy through the transition
- Essential system services and scheduling and ahead mechanisms
- Demand side participation
- Access and transmission

The 2020 Health of the National Electricity Market report has found the NEM has improved generation capacity, emission reduction, competition and network investment however system security and investor confidence remain low.

In the last year, wholesale and retail prices have dropped, improving affordability for end users, but bill-shock is still a critical issue for consumers who have been impacted by the economic downturn associated with COVID-19.

Increased large scale renewable generation, growing rooftop solar penetration and the increased pressure on the distribution network is causing concerns about system security in parts of the NEM.

The report finds we are generally moving in the right direction, but market design changes need to be made to unlock the potential value available to end users to deliver affordable power and reduce barriers for investment in the grid to ensure the network is reliable and secure.



Dr Kerry Schott, Energy Security Board Chair

In a related press release, Dr Kerry Schott, the Independent Chair of ESB makes note that many people in the energy sector have differing perspectives on the solution and priorities, everyone agrees on the problems and the time to tackle these problems are now.

Many agree that providing a secure electricity and gas system is the most critical issue in the NEM, as preventing blackouts is more challenging as cheaper non-synchronous generation like renewables, are displacing dispatchable thermal generation.

In the last 12 months, the Australian Energy Market Operator (AEMO) had to intervene in the market more than 250 times to ensure that the lights stayed on compared with fewer than 20 times in 2017.

The 2020 report ranks electricity supply security as a critical status, as no improvements have occurred since the previous year. Going forward the reports still ranks system security as a moderate-critical risk.

Lower wholesale prices resulting in thermal generation, particularly coal fired generation exiting the market, is of critical concerns for the ESB as thermal generation provides nonmarket services such as inertia that improve grid stability and security. In the longer term, the system security issues will be mitigated by designing ways to value and procure the missing system services.

While system security is a concern, system reliability is not concerning as a result of recent measures put in place to manage unforeseen events.

The outlook for New South Wales in 2023-24, as Liddell closes, are causing moderate concern with renewable generation used to offset the generation lost from the Liddell closure is hampered by progress on transmission network, linking the renewable generation to the load center.

The efficient and timely investment in transmission networks is improving with critical investments on track, interim rules concerning planning for Renewable Energy Zones (REZ) developments are under consideration, and a workplan for Distributed Energy Resources (DER) integration is underway, however significant distribution network investment is needed as DER integrates further into the system.

As most of the short-term issues appear to be under control, the market reforms are still at an early stage. The latest Post 2025 Market Design Directions Paper setting out the next round of reforms will entail further consultation in March 2021 and final recommendations are due to be made to the federal government in mid-2021.

Figure: Proposed Market Reforms



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AUSTRALIAN ENERGY REGULATOR APPROVES AEMO'S REQUEST TO TRIGGER RETAILER RELIABILITY OBLIGATION IN NSW

Written by Alex Driscoll, Senior Manager, Markets & Trading

In the last Electricity Statement of Opportunities (ESOO), the Australian Energy Market Operator (AEMO) identified a forecast shortfall of 154MW in New South Wales in 2024, following the closure of Liddell power station. Following the release of the ES00, AEMO issued a request to the Australian Energy Regulator (AER) to activate Reliability and Emergency Reserve Trader (RERT). On the 23rd December, the AER completed its review and consultation of the reliability instrument request. Following the review and consideration of submissions, the AER decided to trigger the Retailer Reliability Obligation (RRO).

The reliability instrument is issued three years ahead of the forecast supply shortfall. The details of the New South Wales reliability instrument are:

- Weekdays from 1 January to 29 February 2024, for the trading periods between 3pm and 8pm AEST.

Triggering of the RRO signals liable entities such as retailers and large energy users in New South Wales to make contracting decisions, taking in to account the potential risks identified in the reliability forecast.

Guidelines have been produced to ensure appropriate contracts are used to cover the share of their customer demand. Market Liquidity Obligation (MLO) generators in New South Wales – including AGL, Origin and Snowy Hydro are required to offer MLO contract products on the ASX to add liquidity and ensure there are contracts available for liable entities.

Contact Alex to discuss what impact this could have on your business on 1800 334 336.



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